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NATIONAL POLICY AND ISSUES

RELATIONSHIP BETWEEN PLANNED ECONOMY, REGULATION BY MARKET MECHANISM

Beijing ZHONGGUO CAIMAC BAO in Chinese 8 Jun 82 p 3

[Article by Liao Jili [1394 1323 4539]: "A Discussion of the Relationship Between Planned Economy and Regulation by Market Mechanism"]

[Text] China's national economy is a socialist economy based on a foundation of public ownership. Because [public ownership] plays a dominant role, it is both possible and essential that the whole economy be proportionately developed under the guidance of a unified plan, as a planned economy. However, China's productive capacity is at a relatively low level, and development is very unbalanced. Systems of ownership by the whole people, collective ownership and individual ownership exist simultaneously. Exchanges between them can only be exchanges at equal value. Furthermore, in an economy based on public ownership, there must be mutual respect for the economic interests of each economic unit. We must strengthen our economic accounting and implement the principle of distribution according to work, thereby maintaining the relationship between commodities and currency. Aside from an extremely small portion, all of China's industrial and agricultural goods are commodities, and the great majority of these must be exchanged through the market. In short, our socialist economy is above all else a planned economy, yet at the same time we also have commodity production, commodity exchange and a commodity market.

How can we correctly manage the relationship between the planned economy and regulation by market mechanism? To put it briefly, the socialist planned economy is closely linked with commodity production. We should fully consider and utilize the law of value. At the same time, under the premise of improving socialist planned management, we should restore the supplementary role of regulation by market mechanism. We have formed this outlook gradually, based on the summation of our individual experiences and lessons. Whether this view is appropriate, I submit for general discussion.

In the 1950's, when we began to set up our planned economy, we studied the Soviet system of planned management. Distinguishing features of this system were: undue emphasis on command-style planning, a lack of application of the law of value, and a rejection of the role of the market. There were many drawbacks. However, in the first few years of the First Five-Year Plan the faults of the system were not fully exposed, because at the time China's

socialist transformation of the ownership of the means of production had not yet been basically completed. There were five different kinds of economic sectors, and so it was impossible to fully adopt the Soviet Union's system of planned management. We could only implement direct planning in some of the national enterprises and large joint state-private ownership enterprises. At the same time, we stressed the use of prices, taxation, credit and other economic levers. We consciously utilized the law of value and the role of regulation by market mechanism. Moreover, where the plan could not be effected, we allowed individual production and free trade, letting the market regulate itself. Under these conditions, China's economic life was not as rigid as it later became, and the market was relatively prosperous. In addition, economic policy decisions were comparatively correct, and conditions for economic development were very favorable.

Problems arose in the relationship between planned economy and regulation by market mechanism, especially after the socialist transformation was basically completed in 1956. By that time, the Soviet system of planned management had been almost completely transplanted to China. But as productive capacity developed and economic relationships became more complex, the faults of the system became more and more apparent. A few of our cadres saw these faults and started to research planned management systems that would be more appropriate to China's situation. In September 1956, at the eighth party congress, Comrade Chen Yun delivered a speech entitled "New Problems Following the Basic Completion of the Socialist Transformation." He was realistic about China's economic situation, and believed that China's socialist economy should be structured as follows:

- 1) With regard to industrial and commercial management most industrial and commercial enterprises would be under state or collective management, but there would also be a fixed number of individual enterprises. These individual enterprises would serve as a supplement to state and collective management.

- 2) With regard to production and planning the majority of China's industrial and agricultural products would be produced in accordance with an economic plan. However, there would also be some production based on fluctuations in the market, while remaining within the limits permitted by the state plan. Planned production would be the main means of industrial and agricultural production, and free production which fluctuated according to the market yet remained within the limits permitted by the state plan would serve as a supplement to planned production.

- 3) The socialist unified market would be composed mainly of the state-operated markets, but there would also be a market that would be free within specified limits. This free market would fall under state leadership, and would serve as a supplement to the state-operated markets.

The above-mentioned proposal was put forward as a tentative plan for resolving the relationship between planned economy and regulation by market mechanism in China. It was a very commendable idea, and it is regrettable that it was never used. The main reason that it was not used is that at the

end of the 1950's, an erroneous "leftist" guiding ideology came to the fore, and rational suggestions were rejected.

After the 3d Plenum of the 11th Central Committee in 1978, we corrected the "leftist" mistakes that were part of our guiding ideology for many years, and embarked on a new road to study the reform of our economic management system. As a result, the problem of the relationship between the planned economy and regulation by market mechanism became well known. Thus for the past 3 years our economists have written many essays on the subject, in which they have adopted many differing points of view. This phenomenon indicates that they were all approaching their research from different angles. Because they all focused on different aspects of the problem, it is normal and not at all surprising that they produced differing views. But recently many cadres have misunderstood a theoretical question, and this obstructed any correct explanation of the correct relationship between the planned economy and regulation by market mechanism. Quite a few cadres assumed the use of economic levers to carry out regulation by planning to be the equivalent of regulation by market mechanism, thereby widening the scope of regulation by market mechanism to the point of believing that the regulation of production and circulation under socialist conditions could be carried out without primary reliance on regulation by planning. This was inappropriate.

Because commodity production and commodity exchange still exist in our socialist planned economy, the law of value must be fully utilized whether we are practicing regulation by planning or regulation by market mechanism. Under regulation by planning, there should be planned utilization of the law of value. Under regulation by market mechanism, we should allow the law of value to play a spontaneous role. This is in keeping with what is necessary for the development of our socialist forces of production. However, it should be made even more clear that in the management of a planned economy, regulation by planning mechanism should play the leading role, and regulation by market mechanism a supplementary role. In their planning management, some socialist states use command-style planning, while others use guiding-style planning. There are some differences between the two in their management methods and their points of emphasis. Command-style planning uses mainly administrative means, but some economic means must also be considered and utilized in order to guarantee the realization of the plan. Guiding-style planning uses primarily economic means, but it also uses prices, taxation, credit, and other economic levers, to guarantee realization of the plan. But as long as the circulation of primary goods is controlled mainly by the state-run and commercial entities, and the price is planned and set uniformly mainly in accordance with the law of value, this circulation should be attributed to the realm of regulation by planned mechanism and not to that of regulation by market mechanism. Only those small commodities whose production and distribution are not included in the state plan, and whose prices fluctuate in accordance with market supply and demand, can be said to be regulated by market mechanism. Although the output value that can be attributed to these commodities is relatively small, they number tens of thousands in kind and are all goods that are needed by the people. For this reason regulation by market mechanism is an essential supplement to regulation by planned mechanism.

For many years we have relied primarily on planned management by administrative means, and have not been good at using economic means. A number of our economics personnel have paid attention only to controlling the plan, and not to studying the market conditions. We must therefore emphasize a commodity-type economy and the role of regulation by market mechanism. At present our understanding of the role of economic levers is still insufficient, and we are using too few, rather than too many, of them. However, if reforms in other aspects of our system, especially prices, taxation, credit and other policies, economic laws and market management do not keep pace with the enlivening of the market and if economic legislation and market management also fail to keep pace and if, in addition, we continue to lack the conditions essential to transform our economy within fairly broad limits from one based on command-style planning to one based on guidance-style planning, we must define clearly the proper role of command-style planning and administrative intervention. Under these conditions it is essential that we adopt methods of clear theoretical expression with regard to the proper relationship between planned economy and regulation by market mechanism. This does not mean changing the main direction of the reform of our system; it does mean more clearly expressing our ideas for the reform of our system. We should uphold the conscientious utilization of the law of value in the socialist planned economy. As we continue to improve and perfect planned management, we must give free rein to the supplementary role of regulation by market mechanism. I believe that this is the correct principle under which China should handle the relationship between the planned economy and regulation by market mechanism.

How can the above-mentioned principle be embodied in our economic management system from now on?

Firstly, the primary activities included in social and economic development (i.e., strategic targets for economic development, major proportional relationships, the distribution of productive forces, the general scope and direction of investment in capital construction, the extent to which the people's standard of living should be raised, the balancing of finance, credit, foreign currency and important goods and materials, important policies concerning science and technology) must all be collectively and uniformly managed by the state. They must be managed as parts of a whole and not independently of one another.

Secondly, within the realm of industrial production alone we can distinguish different ways of implementing management methods. These differences are based on the differences in the position occupied by industrial enterprises in the national economy and people's livelihood and in their system of ownership. They are also based on a number of differences between the level of importance and the various specifications of the products of each enterprise.

Generally speaking, there are four types of industrial production:

- 1) Production carried out under the state's plan, including that which is related to the backbone enterprises that comprise the lifeline of the

national economy, and that which is related to products essential to the national economy and people's livelihood (i.e., large-scale petroleum enterprises petroleum products).

2) The production of primary goods, the majority of which are produced in accordance with the state plan and the minority of whose production is organized by the enterprises themselves. These products include those which need to be distributed evenly by the state or are in short supply (i.e., some iron and steel products). The portion of the state plan that deals with this type of production should issue command-style targets to lower levels.

3) Other production, the minority of which is done in accordance with the state's command plan, and the majority of which is organized by the enterprises themselves according to fluctuations in the market or according to the state's guiding plan. This type of production primarily includes relatively important standardized and complex products (i.e., certain industrial machinery products).

4) Production according to market fluctuations yet remaining within the limits permitted by the state plan. It would be both inconvenient and relatively impossible to carry out unified planned management of this great variety of small commodities, the production of which is dispersed among many small enterprises and many individual laborers.

The state should not issue a command-style plan for the production of agricultural goods, but should mainly guide them through pricing and taxation policies, making them conform to the arrangement of the state plan. However, in order to fulfill the needs of municipal residents and of industrial production, the state must undertake policies of state procurement, centralized procurement, procurement by quota system, and other administrative means for certain primary agricultural products, such as grain, cotton, oil-bearing crops, pigs and silkworms in addition to guiding them through pricing policies. These procurement tasks are all command-style ones, and the planning for product allocation and transfer is command-style planning. A portion of Category 1, 2, and 3 agricultural sideline products will be allowed to enter the rural markets and municipal agricultural markets after the state has completed its procurement tasks.

As far as commodity circulation is concerned, we must continue to carry out planned allocation and transfer, and state procurement and marketing, for the small portion of principal commodities that is either in short supply or is vital to the national economy and the people's livelihood. This refers to both the means of production and the means of subsistence. The rest of our commodities may undergo planned procurement, procurement based on a set of priorities, free purchase and sale, or other forms of procurement, depending on the individual circumstances that surround the product. Wholesale and retail firms (i.e., Wangfujing Department Store in Beijing) will comprise the main body of state-run enterprises that have been transformed into socialist unified markets. At the same time, a large number of new collective firms and some individually managed enterprises may enter

into favorable competition in all areas of commerce. Only in this manner will we be able to make the market prosper, closely relate production to need, increase production and make things more convenient for the people.

In order to adapt to production and circulation management, the management of prices must be relatively flexible. The assignment of prices to major products and labor, vital to the national economy and the people's livelihood (i.e., important raw and processed materials, fuels, electric power) must continue to be done in a uniform manner by the state. The state must also continue to set the prices of important consumer goods, and the prices and standards for charges for railway transportation, civil aviation, and post and telecommunications. The prices of other products will either float within fixed limits, be set by agreement, or will fluctuate freely, depending on their level of importance to the national economy and the people's livelihood. Uniform prices and floating prices belong to the category of planned prices, while negotiated prices and freely fluctuating prices belong to the category of free prices. The value of the products that are involved in planned pricing amounts to most of the total output value and most of the total sales [for any in industry]. They therefore comprise the main body of products [for the industry concerned], while products that are priced freely comprise a supplementary body of products.

In conclusion, we must strengthen and improve the planned management of the whole economy of our socialist state. If the economic plan is managed poorly, the whole national economy will perform poorly. It would be a mistake not to understand this point. But to believe that planned management can work without considering the role of the socialist market, so much so that the utilization of the role of the market is considered to be a departure from the classics and a rebellion against orthodoxy would also be a mistake. Only if we have a complete understanding of this special characteristic of the current stage of our economic growth, conscientiously use the law of value in our planned economy, constantly improve and perfect planned management and give free rein to the supplementary role of regulation by market mechanism, can economic results flourish for society as a whole.

CSO: 4006/582

NATIONAL POLICY AND ISSUES

BEIJING REVIEW NOTES ECONOMIC READJUSTMENT PLANS

HK041356 Beijing BEIJING REVIEW in English No 30, 26 Jul 82 p 3

["Notes from the Editors" column by Economic Editor Wang Dacheng]

[Text] China has lengthened the period for readjusting its national economy. Will this task be fulfilled by 1985?

Rather than a solitary task, China's readjustment work involves a comprehensive, complex process for the national economy to achieve a turn for the better and develop in a sound and steady way.

The principle for readjusting the national economy was laid down in 1979. Two years later this work was stepped up on a large scale. The aim is to remedy the seriously disproportionate development of the economy caused by long years of neglect of the country's actual conditions and violation of objective economic laws. The major tasks in the readjustment are to co-ordinate the relationship between accumulation and consumption, correct the ratio between agriculture and light and heavy industries and cut down the scale of capital construction in order to bring every field of endeavour in line with the nation's available resources. Efforts made since 1979 have paid off, and these tasks have now been basically fulfilled.

Last year, the accumulation rate in the national revenue was reduced to less than 30 per cent; consumer goods production and improvement in the people's livelihood have been given priority and have achieved pronounced progress. A basic balance was struck between revenue and expenditure, with deficits dropping from 17,000 million yuan in 1979 to 2,500 million yuan. Moreover, the rate of price increases was reduced from 6 per cent in 1980 to 2 per cent.

Things continued to pick up during the first six months of 1982. Total industrial output value increased 10.1 per cent compared with the corresponding period of last year. All 29 provinces, municipalities and autonomous regions achieved an all-round increase in industrial output. More important, heavy industrial production, which had dropped for a period, began to grow alongside light industry once its service was reorientated. The replenished supply of commodities brought about a thriving market. These achievements are attributable to the efforts made to further carry out the national economic readjustment policy, increase the quality and variety of products, practise economy

and give full scope to science and technology. They also result from the major attention paid to tapping the potential and improving the management of enterprises.

Now it can be said that the hardest time is over and the initial goal of readjusting the economy has been attained. Economic construction has taken the first solid step forward on a road of development commensurate with China's actual conditions.

In the broad sense, however, the work of readjustment has not been completed. "Readjustment, restructuring, consolidation and improvement" will remain the basic policy for the entire sixth five-year plan period (1981-85). But "readjustment" will not be the same as before in the next few years. There will not be any more construction scale cuts and no more projects will be cancelled. Instead, the emphasis will be placed on revamping the outdated product mix, the technological makeup and the organization of enterprises so as to rationalize the economic structure, production organization and management system--all for the purpose of increasing economic efficiency.

The sixth five year plan, now being mapped out, will feature detailed arrangements for readjustment work prior to 1985. Technical transformation and equipment replacement will be carried out in existing enterprises and efforts will be concentrated on developing energy and other natural resources and improving transport and communications. The construction of a number of projects which have either been cancelled or deterred will be resumed in a planned way. The national economy is expected to develop at a moderate rate during these five years. (The 1982 plan of ensuring a 4 percent and striving for a 5 percent economic growth will be fulfilled.) The tempo will be quicker by the time of the seventh five-year plan period (1986-90).

The whole 1980s will be a decade of continued readjustment. After a sound foundation has been established and resources accumulated, China will experience an economic boom. This should occur during the last decade of the 20th century.

CSO: 4020/155

ECONOMIC MANAGEMENT

'JINGJI GUANLI' DISCUSSES ENTERPRISE REORGANIZATION

HK020939 Beijing JINGJI GUANLI [ECONOMIC MANAGEMENT] in Chinese No 6,
15 Jun 82 pp 38-41

[Article by the enterprise reorganization office of Liaoning Province:
"Strengthening the Leadership Is the Guarantee for the Overall Reorganization
of Enterprises"]

[Text] After the issuing of "the decision on overall reorganization in the state-owned industrial enterprises" adopted by the party Central Committee and the State Council, the provincial party committee, provincial government and all the cities of Liaoning Province called meetings on enterprise reorganization work one after another to put into practice and implement the spirit of the decision. In the past 2 months, all the prefectures and the provincial departments concerned established leadership organs and despatched liaison personnel and grassroot investigation groups to the first batch of key enterprises for reorganization. Through conscientious study of "the decision" of the party Central Committee and the State Council and carrying out ideological mobilization, the enterprises of all cities, prefectures and the industrial and transportation departments laid down the principle of taking the raising economic results as their core, grasping well the internal reorganization plan that regards the current five items of work as the main content and measures for increasing the production and income. Compared with the first 2 months of this year and the same period last year, the economic results of March and April markedly increased. Facts have proved that the party's Central Committee's decision in carrying out overall reorganization in enterprises, and comprehensively administering and upgrading economic results are important measures in developing the national economy, and it is imperative to put them into practice.

How can we carry out the reorganization work in the industrial enterprises? Liaoning Province has mainly grasped the following items of work:

1. Strengthening Keeness by Starting With Deepening Our Understanding

Since the shattering of the "gang of four," the reorganization work of Liaoning Province has gone through three stages. Through combining the criticism of the Lin Biao and Jiang Qing counterrevolutionary cliques, they

have brought order out of chaos organizationally, and solved the problem of factions trying to usurp the leadership power of the enterprises. In the mass movement of learning from Daqing, they restored and established the various regulations and systems and normal production order of the enterprises. After the 3d Plenum of the 11th CCP Central Committee, the stress of the party's work transferred to taking economic construction as the core. By carrying out discussion on the topic of the criterion of truth, they eliminated leftist deviationist ideas, and following the principle of "reorganization, readjustment, restructuring and upgrading," expanded the decisionmaking authority of the enterprises. Under the guidance of planned economy, through regulation by market mechanism and practicing economic responsibility, an internal motive force of enterprises was formed and this fostered the production management level to continually increase.

All the above work constituted restorative reorganization. Under the current new situation, the party Central Committee has put forward the task of conducting an "overall reorganization and a comprehensive ordering" of the existing enterprises within 2 to 3 years. At first, a substantial number of cadres and masses were lacking understanding of this problem. Some enterprises that have a good management base deem that adjustment is carried every year and this is followed by an increase in production and think it is unnecessary to carry out a reorganization; while those enterprises with a lot of troubles consider there are too many problems and it is a bit too difficult to carry out reorganization. As to those who are short of production tasks, they have no confidence for carrying out reorganization. If these ideological problems are not solved, it would be difficult to carry out the reorganization work, or would even lead the reorganization work to be formalist or to be just going through the motions. Under such circumstances, the provincial party committee organized first of all the prefectures and departments concerned to concentrate on the study of documents, on training backbones and on stressing solving the negative ideas, among the cadres and masses of workers, of being afraid of difficulties, having weary morale the reorganization work having nothing to do with oneself and taking the attitude of just looking on. Secondly, summarize the results of reorganization work achieved in experimental enterprises last year, and foster confidence in carrying out overall reorganization in the enterprises. In the latter half of last year, the provincial party committee and government despatched 32 grassroot work teams to help with the experimental work in the enterprise reorganization. Those enterprises that have conscientiously practiced reorganization have achieved obvious changes in economic results with no addition of personnel, capital or equipment. A number of enterprises that had a deficit in the past are now striving to transform losses to profits. As to those enterprises which made gains, the profit achieved increased by a large scale. This shows that whether the reorganization of enterprises are carried out or not, makes a big difference in economic results. The provincial party committee assisted in a timely way, the party committees at various levels in fostering their confidence in pursuing overall reorganization using the experience gained by these enterprises. Thirdly, persevere in imitating the advanced and finding out deficiencies compared with the advanced, laying bare problems, exposing contradictions and enhancing the urgency on the party

committees at various levels in doing a good job in the overall reorganization of enterprises. On the basis of deepening understanding, many units have compared their results with the best level in the history of the enterprise and with the advanced level of the same trade, locally and nationally and examined the deficiencies where they fell short. By mobilizing the masses in exposing the concrete manifestations of loss and extravagance, and exposing the problems in enterprise management, they have raised their understanding of overall reorganization and the necessity of comprehensive administration, and taken the road of conscientiously transferring the guiding ideology towards upgrading economic results.

2. Establishing a Strong Organizational Leadership Is an Important Guarantee for the Overall Reorganization of Enterprises

The overall reorganization of enterprises covers a lot of ground and it includes a variety of work. It involves the various work of and departments within the enterprise and also the management system, the reform of the cadre system and complicated social problems of labor employment as well. Therefore, to carry out enterprise reorganization well is no easy job. Without the common efforts of the whole party and the close cooperation of the broad masses of the workers, it is impossible to accomplish the task of overall reorganization of the enterprises. In order to conscientiously achieve effective results, the provincial party committee expected that the party at various levels put the work of enterprise reorganization on the top of the agenda. First of all, we had to organize a strong leadership organ. A provincial reorganization leadership group had to be formed including the provincial governor, secretary in charge of industry, provincial vice-governors and major leaders of the provincial government, standing committees of the provincial people's congress and organizations concerned, industry and communications departments, the capital construction department and the trade unions. We had to establish offices subordinate to the leadership group, and the members of the various departments concerned had to take part in daily work and investigate from all sides the problems that concern policies in the reorganization of the enterprises. The cities, prefectures, departments and enterprises at all levels of the province also had to form capable and forceful leadership organs and enhance leadership in this work. Second, we had to organize capable and forceful grassroot investigation groups. The provincial party committee expected that the party secretary, the governor and main leaders of the cities and prefectures should personally grasp the work in particular enterprises, go among the masses, have a grasp of first hand information, and conscientiously study the major and important policies. The 559 members (44 despatched by the party Central Committee) grassroot enterprise investigation group, among them 35 leading cadres (not from the party Central Committee) of cities and prefectures, listed the key enterprises the reorganization. There are four provincial party secretaries and vice-governors who have personally grasped or established contact with the particular enterprises. All the members of the grassroot investigation groups form a complete set. In addition to the cadres who are taking the lead, also taking part in the work are professional cadres in

production, technical work, management, labor wages, financial accounts and political work. In this way, we can favorably assist the enterprises in solving practical problems. The third is to grasp the implementation of the plan at every level. The provincial party committee has planned to complete the reorganization work of the 397 large and medium-size enterprises of the province in 2 years. First, they will grasp well the batch of 91 enterprises that significantly affect the national economy and then they will carry out the reorganization of the rest in three batches. The prefectures, departments, and enterprises at various levels have also made plans and expect that the enterprises that have conducted reorganization will have a prominent increase in economic results. The phenomena of enterprises and products incurring a loss should be eliminated. Under the situation where product structure, varieties and price remain stable, the main targets of quality, consumption, effects, production cost, capital and profit should reach the best level in history and must strive to catch up with and surpass the national advanced level of the same trade. As to the varieties, structure and production tasks that change a lot, we must strive to achieve the results of a transfer of production but income not being reduced, and output decreasing but not income. The provincial party committee seeks the reduction by 2 percent of the total production cost of comparable products of the industrial and the communications departments and that the turnover of floating capital be speeded up and shortened by 2 to 3 days. Further, the amount of losses of enterprises should be reduced by over 50 percent. The fourth is to have a defined responsibility. The provincial party committee and government demands that the departments and prefectures at all levels be responsible for their part in the reorganizational work. The investigation group should work together with the party committees of enterprises and be responsible for the production techniques, business management and the ideological and political work of the particular enterprises. The progress of reorganization work should be subordinated to quality. Those which are not up to standard should continue to be reorganized together with the next batch of enterprises, until it is up to standard. In order to combine the results of the reorganized enterprises with the economic interest of the workers, the departments concerned are studying and trying to find a relevant method to promote the reorganization work in a deeper way.

3. Proceed From the Actual Conditions and Achieve a Breakthrough in Enterprise Reorganization

The current overall reorganization of enterprises involves a variety of aspects, and the situation between enterprises also differs. Where can we start in the reorganization work? According to the experiences gained from the experimental enterprises last year, the provincial party committee and government have stressed seeking truths from facts and proceeding from the reality of enterprises. We must grasp the most prominent problems of enterprises and then achieve the breakthrough according to local conditions and not practice "cutting with one knife."

The practice of the past shows there are three types of enterprises: the first kind is enterprises with firm and comparatively better management. These enterprises start with further systematizing and improving the economic

responsibility system. For instance, in the course of emulating the experiences of the Shoudu Iron and Steel Company, the Anshan Iron and Steel Company followed the spirit of the "decision" adopted by the party Central Committee, conscientiously checked where they were lagging behind in the five aspects of guiding ideology, enterprise management, economic results, and so on. They fixed raising the economic results as the core of enterprise reorganization, and systematizing and improving the economic responsibility system as the breakthrough, put forward 31 measures in 10 aspects in raising the economic results, such as, increasing output and varieties, raising quality, raising the quality of rolled steel, increasing the proportion of waste steel in smelting, reducing consumption and conserving energy, raising the self-supply rate of spare parts, reutilizing used and waste material, compressing management expenses, and processing materials for foreign businessmen, and so on. The realization of these measures was capable of bringing about extra annual profits equal to 9 percent of Anshan Iron and Steel Company's profit target set by the state. From the beginning of this year, the Anshan Iron and Steel Company divided the state targets and the above measures among the factories, mines and departments. Through implementing task responsibility and economic responsibility systems at various levels in factories, mines, groups and for individuals, an increase in economic results has been promoted. In the first 3 months, the quality and quantity of the whole company all fulfilled the state's plan. The total output value of industry increased by 6 percent compared with the same period of last year, and profits increased by 16 percent. In 58 comparable economic and technical targets, the northeast pharmaceutical factory has 39 targets that are the national leading figures for the whole trade. A few years ago, under the circumstances of a price increase for raw materials and a price decrease for products, the enterprise could still maintain the increase in production and income for years running. Along with the start of reorganizational work, the factory was confronted with another product price fall, causing an unfavorable situation of profits being reduced by 4 million yuan. They pressed forward despite difficulties and put forward the slogan "Seek latent potential, results and speed from the continually improving economic responsibility system," and planned to reduce the comparable production cost by 2 percent, and increase profits by 2 percent and they reached the objective of 31 million yuan. The method was to examine the disparity of economic and technical targets and implement the plan for increasing production and economizing on energy; check the loopholes in management and further improve the various links of the economic responsibility system and fix the working standard of the staff of various posts.

The second type of enterprise is those that have a base in management and great potential, and that conduct overall reorganization by finding their shortfalls compared with the advanced enterprises. For example, last year the oil industry department set six red banners based on different economic and technical targets. Apart from the Fushun second oil manufactory and Danian seventh oil manufactory each getting four red banners, the other four refineries got nothing. This year the oil industry department adopted the method of supplying fine crude oil for processing and it greatly touched the four oil refineries. They positively tried to find where they were lagging compared with the advanced, and set up

measures to seize and keep the banners. The product structure of the third Fushin oil manufactory was not comparable with the other refineries, thus they tried to find problems in noncomparable technical targets, and in comparable equipment, they tried to find where they fall short. They broadly mobilized the masses of workers to carry out investigation on eight special topics. Within a month, there were 1,100 suggestions put forward by 8,000 persons. After sorting out, they were summed up into 130 problems. The factory adopted new measures which were centered on these problems and determined to seize higher output under the condition that the year's processing quantity of crude oil was reduced by 11 percent. They determined to strive to increase output over last year by 2 percent, profits by 4 percent and seize the four red banners and achieve the "six goods" within this year. In the first 3 months, under the circumstances of the processing of crude oil falling by 39 percent compared with last year's level, they realized an output increase of 15.5 percent over last year's level. The profits turned over to the state increased by 13.2 percent and they overfulfilled the production quota by accomplishing the first 3 months plan for increasing production and economizing on energy.

The third type is a small number of enterprises that have accumulated problems and which have a relatively poor management base. The reorganization work of these enterprises starts with bringing disorder under control. These kinds of enterprises usually grasp the problem where the masses have heaped criticism and opinions and regard the most prominent problems as achieving a breakthrough in reorganization work, including the reorganization of labor organization, labor discipline, finance discipline, combating extravagance and correcting unhealthy tendencies of leadership groups. The first light industry department of Shengyang Municipality started with combatting extravagance to promote the overall reorganization of the enterprises of the whole department. During the turbulence of the "gang of four" period, the Shengyang Sewing Machine Plant incurred losses for years. Since the shattering of the "gang of four," although they experienced several reorganizations, and although the work teams entered the plant three times and the cadres of leading posts were transferred five times, the appearance of the plant was not fundamentally changed. In particular, the economic results could, for a long time, not catch up with the expectations of the state and therefore it became one of the trade's most backward enterprises in the whole country. What was the crux of the problem? Where should we start with the reorganization work? Through mobilizing the masses in connection with practice, they unanimously agreed that the major problem which the plant had been unable to solve for a long time was serious loss and waste and disorder in the enterprise management. Only when the prominent problem of combatting extravagance is grasped well in the reorganization of enterprises can we spur on the overall reorganization and reach the objective of comprehensive administration. Therefore, the sewing machine plant carried out a mass activity of combatting extravagance in the form of "three comparisons and one calculation" that is, according to the eight economic and technical targets of the enterprises in the first half of the year, comparing the average level of the trade in the whole country with their own potential; comparing the plant's targets attained and surpassed and finding where they fall short; recalling and comparing the highest historic level of the factory, baring the practical problems and

calculating the financial accounts of loss and extravagance. For the last 2 months they have mobilized the masses in baring the problems, organized specialized personnel in centralizing problems centered on typical cases, pinpointed problems and at the same time checked up on warehouses. In production planning and material management and four other aspects, the plant exposed and laid on the table 1,450 examples of loss and extravagance resulting in a loss of 1.61 million yuan. The cadres and workers of the whole plant were shocked by these figures. This then laid down the foundation for comprehensively administering the next stage.

The provincial party committee and government hopes that no matter where the reorganization of enterprises is attempted, they should firmly stick to the key link of improving the economic results. It is imperative for all the enterprises that have conducted reorganization to achieve an increase in production quality and not to lower it. Production cost must be lowered and not increased. The speed of turnover of floating capital must be accelerated and not slowed down. Whether the economic results are high or low should be the main standard in examining the success or failure of enterprise reorganization.

4. Combine Particular Points With the Entire Area and Promote Work in All Areas by Drawing Upon Experiences Gained at Particular Points

In addition to the 3,500 state-owned industrial enterprises, there are large numbers of urban collectively-owned enterprises and those run by communes and brigades. All the enterprises should conduct overall and conscientious reorganization. In order to systematically do the reorganization work in a down-to-earth manner, first of all, we must grasp well particular points, plan comprehensively and make overall considerations and all-round arrangements. For those large and medium size and backbone enterprises that affect the overall situation, particularly those that have accumulated problems and have great potential, we must concentrate forces in grasping them well as the first batch of enterprises. As to the 397 large and medium-size enterprises in the whole province that affect the national economy as a whole, the provincial party committee and government have consulted with the central, provincial and municipal departments concerned and decided to fix these enterprises as the key enterprises in reorganization subject to the various departments of the State Council and Liaoning Province. According to the subordinate relationship, these enterprises will closely assist, cooperate with and grasp well the reorganization work together with the department, province and the municipality. The reorganization of smaller size enterprise should be arranged by rotation and in groups by the cities at various levels. In reorganizing the smaller enterprises, we should follow a similar method to how we reorganize the large size enterprises, select the key enterprises, combine particular points with the entire area, and promote work in all areas by drawing upon experiences gained at particular points. Then we must grasp well reorganization work of enterprises over the entire area. Enterprises over the entire

area should positively follow the demands of the "decision" of the party Central Committee and carry on reorganization work by themselves. The departments and bureaus of various cities, prefectures and those subordinate to the province should form inspection groups to assist and supervise the enterprises and check and accept the results according to the standard by rotation and in groups. Then, we have to sum up the experience of the entire area and popularize them in a timely way. Liaoning Province has established a system of regular contact and reporting with the 12 cities and prefectures under its jurisdiction. The procedure, experiences and problems of reorganization work of the 91 enterprises listed as the first batch of the province must be handled directly by the enterprise reorganization office of the province. The system of contacting and reporting direct and at fixed periods should be established as well. For the sake of exchanging experiences and information, the province and the 12 cities and prefectures under its jurisdiction all operate periodicals on enterprise reorganization. Meanwhile, in order to popularize throughout the province in a timely manner the advanced experiences of enterprises of various localities, every stage of the reorganization work should be reported and ideas exchanged in due time, the achievements should be affirmed and problems should be checked. The advanced experiences should be popularized to lead the whole situation. For example, the Shengyang Municipal Committee discovered the first light industry bureau subordinate to the municipality started by combatting extravagance, and promoted the overall reorganization of enterprises, and thus gained advanced experiences. After taking the lead in the whole municipality in economic results, they immediately carried out, throughout the municipality, the activity of "imitating the advanced, checking the gap, combating extravagance and seeking results," and developed the reorganization work in depth. In order to solve the problem of being "overstaffed, old and amateurish," that commonly existed in the leadership of enterprises, the provincial party committee also summarized and extended the experiences of the Shengyang Pump Plant and the first emery wheel plant in dividing the leadership into front and rear lines.

The overall reorganization of Liaoning industrial enterprises have just taken the first step. We are still confronted with numerous new conditions and new problems. The reorganization of labor organization and the realization of a younger, more knowledgeable, more revolutionary and more professional leadership and the problem of how to carry out enterprise reorganization combined with technical reform and readjustment work, all need to be conscientiously studied and properly solved. Under the leadership of the party Central Committee, the party organization at various levels and the broad masses of cadres and workers have deep confidence that by learning from the advanced experiences of the neighborhood provinces, we are sure to reorganize and construct well this industrial base of Liaoning and make contributions to the four modernizations.

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ECONOMIC MANAGEMENT

RESOLUTELY STRUGGLE AGAINST ECONOMIC CRIMES

Tianjin TIANJIN RIBAO in Chinese 17 May 82 p 1

[Review Article: "No Softheartedness in Cracking Down on Economic Crimes"]

[Text] The fight against serious economic crimes conducted in the departments of finance and trade has a very special and important significance. Why do we say this? Because it is in the departments of finance and trade that there is direct contact with money and material goods, that it is there that the struggle in the economic sphere against decadence is very intensive, which of course is also a major manifestation of the present class struggle within the economic sphere. As we see from the large number of cases that have been exposed, there were indeed people who smuggled and trafficked in smuggled goods, speculated in gold and silver and sought exorbitant profits. There were people who took advantage of having custody of money and materials, forged bills and vouchers, embezzled, engaged in corrupt practices and stole payments received for goods. There were people who took the opportunity of trade negotiations with foreign merchants to wilfully "sacrifice profits," demanded and accepted bribes, sold intelligence and acted as "underground agents" for foreign business interests. There were even some who stole whatever was entrusted to their care and misappropriated large quantities of commodities and materials belonging to the state. There were some who bought and sold on margin, busied themselves establishing connections between parties and seeking commissions as middlemen. Some took advantage of the system of allotting collective work points for processing, or of allocating processing work, to pocket the pay for unfilled positions, deduct commissions, blackmail people and extort money, and to line their pockets with public funds.

A review of the large number of cases that have been exposed, as above mentioned, shows up not only the serious nature of economic criminality, but reveals also thoroughly the peculiar nature of these serious criminal activities in the departments of finance and trade. The financial and trade front is an important component of the national economy. It is a front that executes in concrete terms the economic policies of the central authorities as to opening up the country to foreign contacts and invigorating domestic economic activities. Since the departments of finance and trade have a network of trading points spread all over the country and also have relations with trade departments in various foreign countries and areas, they occupy an important position in the struggle against decadence and degeneration. The departments of finance and trade directly administer trade commodities and material resources and handle large sums of

money. They also administer all the various branches of finance and banking and have widespread and close relations in all directions. This peculiar condition of our departments of finance and trade gave opportunity to some criminal elements within the organization to manipulate certain weak links and thus stir up trouble. It allowed lawless elements in our society to devise ways and means to infiltrate into the internal organizations and entice others into evil-doing and collaborating in criminal activities. We must therefore become fully aware of the complexity and seriousness of the present struggle and gain a full understanding of its peculiar character and of the importance of the final success of the departments of finance and trade in this struggle.

Many facts indicate that the present criminal activities against our economy are a much more serious and complex problem, than was the similar problem at the time of the "Three-Anti" movement in 1952, as it is now a manifestation of the class struggle throughout our country's economy taking place under new historical conditions. If we do not crack down energetically on these economic crimes that have already been committed and do not resolutely put a stop to this unhealthy trend, allowing it to spread unchecked, it will ruin the prestige of the party and the reputation of the state. It will poison the mind of the people and pollute the social atmosphere, sabotage our economic construction and adversely affect our social stability, and furthermore impede the correct implementation of our policy of opening up the country to foreign contacts and of invigorating domestic economic activities. In this struggle to uphold the purity of communism and of combating decadence and degeneration, a struggle that will ultimately decide the success or failure of our country's socialist modernization drive and will decide the rise and fall of our party and state, the broad masses of party members in the finance and trade organizations, especially the leading cadres at all levels, must under no circumstances idly look on and treat this matter lightly.

In order to fight this battle against the serious economic crimes vigorously and effectively, it is absolutely necessary for the party organizations at all levels in the present finance and trade departments to make a conscientious study, in accordance with the arrangements of the municipal party committee, of the "Resolution on the Struggle Against Serious Economic Crimes," passed by the CCP Central Committee and the State Council, and thus gain a deeper understanding, achieve a unity of thinking and clear away all obstacles. At present we must strive to overcome an attitude of paralysis and the fear of the difficulties in this struggle. We must dispel the misgivings in our minds, we must make further efforts to solve the problems of ideological understanding and firm resolve. We must persist unremittingly in fighting economic crimes.

Let us concentrate all our efforts and vigorously pursue one set of key cases. Every unit shall carry out an analysis of the leads in the cases already investigated. Starting out with every bureau, bank, commune and reaching down to every company and station, every unit must seize on the key cases within its own unit. The principal comrades in leadership positions must take command in organizing a force that is to inquire and investigate within and outside of the unit concerned. As soon as the bottom will have been reached in all cases and the key questions will have been solved, new prospects will open up for the struggle.

Policy must be correctly grasped and the two different types of contradictions must be strictly distinguished. The leading comrades at all levels must conscientiously carry out all relevant policies determined by the central authorities. During the struggle the attitude must be firm, the fight must be carried out forcefully, the key points must be clarified, the final measures must be firm and appropriate, work must be done painstakingly, proceedings must be strictly according to law, the principle of basing decisions on actual facts must be observed and the laws must be taken as guidelines. We must strike surely, accurately and relentlessly at all criminal elements in the economic field.

The key to winning victory in this struggle is the further strengthening of the leadership. Striking at all economic crimes is a major task for our whole party, this year and for a long time to come. The party and state organizations at all levels of the finance and trade departments, while effectively performing their various professional duties, must at the same time concentrate even greater energy on leading the present struggle. The responsible comrades in the party committees at all levels shall personally organize forces for conscientious investigations and deliberations, they must master well all general and specific policies, effectively carry out ideological and political work and also use typical cases as examples for vivid and concrete ideological and political work among the party members, cadres and the masses, in order to raise their consciousness and strengthen their powers of resistance against the corroding forces of the capitalist ideology. Party members, youth league members, cadres and the masses must be urged to wage a conscientious and resolute struggle against unhealthy trends and evil practices, and also against criminal behavior, urged to support and protect vigorously the activists in this struggle, to fight resolutely all scoundrels and evil attempts against the activists, such as threatening them, bribing them, setting up frame-ups or even violence and reprisals against them. They, the party members, youth league members, cadres and the masses, must be urged to guarantee that the fight against economic crimes will be pursued in a sound, smooth and penetrating way and that new victories will be won.

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FINANCE AND BANKING

'GUANGMING RIBAO' ON PRELIBERATION AUDITING SYSTEM

HK040550 Beijing GUANGMING RIBAO in Chinese 21 Jul 82 p 3

[Article by Zhang Xipo [1728 1585 0980]: "A Survey of Enactments on the Auditing System During the New Democratic Revolution"]

[Text] According to the "draft of the revised constitution of the PRC," the State Council and people's governments at and above county level must have auditing bodies to audit and supervise the financial work, revenues and expenditures of governments at various levels and the financial and monetary departments and enterprises and institutions under them. The auditing bodies exercise their auditing and supervisory powers independently, according to provisions of the law.

The establishment of an auditing system is a new task; a task with glorious revolutionary tradition. Some enactments on the auditing system were formulated during the new democratic revolution. Surveying these enactments is of great importance to perfecting our auditing system.

The earliest auditing body was the "auditing bureau," set up by the Guangdong-Hong Kong striking committee. "The auditing bureau was responsible for auditing for auditing expenditure accounts of various organizations." "The auditing bureau was directly subordinate to the Guangdong-Hong Kong striking committee." "The auditing bureau exercised auditing powers to audit the running expenses of all organizations under the Guangdong-Hong Kong striking committee."

Following the establishment of the Soviet area during the second revolutionary civil war, with the establishment and development of the republic's financial system, an auditing body was gradually established called the auditing committee.

The "central Soviet organic law of the Chinese Soviet Republic," which was promulgated on 17 February 1934 stipulated the form, functions and powers of the central auditing committee: "An auditing committee should be set up under the central executive committee. The auditing committee's functions and powers are: 1) To examine and verify the republic's annual income and annual expenditure; and 2) to supervise the execution of the republic's budget." The auditing committee comprised five to nine members who were appointed by the presidium of the central executive committee.

The "provisional local Soviet organic law," which was enacted on 12 December 1933 contained concrete stipulations concerning local auditing committees. "An auditing committee should be set up under a provincial executive committee or under a municipal executive committee which is directly under the central government. Such provincial and municipal auditing committees are subordinate to the central auditing committee and are also subject to the guidance and control of provincial executive committees and municipal executive committees directly under the central government and their presidiumia."

According to the implementation of the auditing system in various base areas during the war of resistance against Japan, we can see that roughly two situations existed:

First, were those areas which did not have a special auditing body, such as the Shaanxi-Gansu-Ningxia border region. The "organic rules of the Shaanxi-Gansu-Ningxia border regional government" adopted in February 1939 stipulated: An auditing department should be set up under the border regional government council to take charge of the following general affairs:

1. Examine and verify the budgets and final accounts of administrative organs throughout the whole border region;
2. Check up on the public property of administrative organs throughout the whole border region;
3. Examine and verify taxation and grain levies in the border region and examine and verify the records of revenues and expenditures in organs concerned;
4. Examine and verify the revenues and expenditures of the national treasury;
5. Examine and verify the appraised prices of public property and the selling of public property;
6. Examine and verify the revenues and expenditures of public enterprises;
7. Examine and verify the revenues and expenditures of those enterprises run by the people which are subsidized by the state;
8. Report cases of corruption, irregularities and waste to the authorities.

"The provisional organic regulations of county governments under the Shaanxi-Gansu-Ningxia border region" which were promulgated in January 1944 stipulated: A county government under the leadership of the county magistrate should establish the post of auditor. "A county auditor is responsible for examining and verifying the county's grain levies, the records of the revenues and expenditures of the county treasury, the income from the county's public property, and the county's budgets and final accounts."

Second, were those areas which did not have a special auditing body and whose auditing affairs were handled by their financial organizations. At that time, the majority of governments in border regions belonged to this category. For

example, the "organic regulations of the administrative committee of the Shanxi-Hebei-Chahar border region" which were promulgated in January 1943 stipulated: the financial department is in charge of "financial auditing." The "organic regulations of the wartime administrative committee of Shandong Province" which were promulgated in August 1943 stipulated: the financial department is in charge of "auditing matters regarding revenues and grains."

During the third revolutionary civil war, governments in various liberated areas basically adopted the second method as mentioned above. For example, in October 1948, the "organic regulations for all departments and organizations under the people's government of north China" stipulated the functions and powers of financial departments as follows: "To be in charge of examining and verifying revenues and expenditures within the budgetary range." In June 1949, the "provisional organic regulations of the Henan people's government" stipulated the functions and powers of the financial department as follows: "To draw up budget and final accounts and handle auditing matters within the budgetary range."

Judging from the above survey of the enactments on the auditing system during the new democratic revolution, we can see that all stages of the new democratic revolution attached importance to auditing work. The auditing system was gradually developed by following the establishment of the financial system. Every area which established its financial administrative organs also had to establish a corresponding auditing system. This was an important link in perfecting the financial system and a sign of the strengthening of the revolutionary legal system.

The establishment of the auditing bureau by the Guangdong-Hong Kong striking committee in 1925 was the initial attempt to establish an auditing system and was also the budding state of the people's auditing work. During the second revolutionary civil war, a central auditing work system was established under state power, thus linking the central with local units in the Chinese Soviet area. The greatest characteristic of this system is that the auditing organ was under the direct leadership of the organ of supreme power and that it stood side by side with the highest administrative organ and the highest judicial organ. This characteristic was decided by the special nature and tasks of the state auditing organ. Entrusted by the state organ of supreme power, the auditing organ, according to provisions of the law, exercised its powers to audit and supervise the financial work and the revenues and expenditures of the government. Therefore, there must be a clear legal stipulation regarding the duties and competence of the auditing organ so as to guarantee that it can independently exercise its functions and powers and that other administrative organs, groups or individuals will not interfere in the affairs of the auditing organ. These are very precious experiences gained in implementing the auditing system of the Chinese Soviet area.

During the war of resistance against Japan and during the third revolutionary civil war, governments in various border regions established auditing organs in various forms in line with local conditions, thus giving play to the auditing and supervisory roles to a certain extent.

Historical practice has proved: First, the auditing system is an inseparable and important link and component part of the whole financial system. At various

historical stages, the auditing system has played in varying degrees a role in investigating mistakes, preventing malpractices, enforcing financial and economic discipline, plugging loopholes and safeguarding normal financial and economic order, thus effectively safeguarding the revolutionary interests of the people. Second, with regard to the issue of the organizational system, to adopt the form of an auditing committee of the Chinese Soviet Republic or the form of the auditing department of the Shaanxi-Gansu-Ningxia border regional government, it is necessary to allow the committee and the department to truly and independently exercise their auditing and supervisory powers, to make sure that other administrative organs, groups or individuals will not interfere in their affairs, and to offer them practical constitutional and legal guarantees.

We should point out that although certain experiences were gained in carrying out the auditing work in the revolutionary base areas, such experiences were, after all, of an elementary nature. This means that we have very few laws and regulations regarding auditing work, that such laws and regulations lay particular stress on the organizational system and on defining the duties incumbent on each person or post, that the stipulations of many laws and regulations are relatively principled, and that we are particularly short of experience in formulating a detailed "auditing law." Therefore, on the basis of assimilating historical experiences, we must formulate as quickly as possible an organic law and an auditing law for our auditing organs and try to constantly improve and perfect such laws in carrying out the tasks ahead.

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FINANCE AND BANKING

STATE OF CURRENCY CIRCULATION IN JIANGXI DISCUSSED

Beijing ZHONGGUO JINRONG [CHINA'S BANKING] in Chinese No 6 (19 March 82) pp 1-3

[Article by Jiangxi Branch of the People's Bank of China: "A Survey On the Current State of Currency Circulation in Jiangxi"]

[Excerpt] In order to thoroughly study the state of currency circulation in Jiangxi, we concentrated on the third survey of last year on the state of currency circulation through the province. The third survey of November of last year was conducted by 171 leading cadres at all levels and the professional core throughout the province in 20 counties and municipalities. After over one month of investigation and research they came up with a basic understanding of the state of currency circulation in Jiangxi.

Why Has There Recently Been a Large Increase in Notes?

According to statistics, from 1949 to 1978, banks throughout the province issued a total of 1.53 billion yuan in notes at a yearly rate of 51 million yuan. However, in 1979 and 1980 they issued 259 million yuan and 256 million yuan respectively. The amount issued in 1 year was equal to the amount issued over 5 years in the past. Thus, the circulation of notes on the market has increased sharply. Based on surveys and estimates and after being balanced by the head office, it was determined that at the end of 1980 there was 850 million yuan in currency circulating on the market in Jiangxi. In comparison with the relatively normal year of 1965 there was an increase of 570 million yuan in notes on the market. It is estimated that there will continue to be an increase in currency issued in 1981, an increase of approximately 200 million yuan. If we subtract the amount that circulates out of Jiangxi, notes on the market in Jiangxi will increase by about 100 million yuan. At the end of the year the amount of currency on the market will reach approximately 950 million yuan.

In the last 2 or 3 years, why has there been such a great increase in the number of notes on the market? According to surveys and analyses made in various areas, the primary causes are as follows.

First, the flow of commodities has expanded and therefore, the amount of currency required for commodity exchange has increased correspondingly. In 1980, the retail turnover of social commodities throughout the province was 5.23 billion yuan and the volume of business in country fair trade was 700 million yuan, an increase of 30 percent and 104.4 percent respectively over the 1978 figures.

According to surveys and estimates, under normal conditions with every increase of 7.5 yuan in retail turnover of commodities, there will be an increase in currency on the market of 1 yuan in turnover. With every increase of 21 yuan in the volume of business done in country fair trade, there will also be an increase of currency on the market of 1 yuan in turnover. If we revise our calculations according to this, owing to the growth in commodity turnover, an increase of about 180 million yuan in notes can be seen.

Second, the income of urban and rural people has increased, the consumer structure has changed and the amount of ready cash reserves has increased. Comparing 1980 to 1978, the per capita income of the rural population in Jiangxi grew from 92 yuan to 151 yuan, an increase of 64.1 percent. The per capita income of the urban population increased from 309 yuan to 386 yuan, an increase of 24.9 percent. Along with the increase in income, changes occurred in the consumer structure and in the direction of purchasing power. Consumers not only need adequate food and clothing; they also need a gradual improvement in living conditions. In addition, they need to be able to purchase top- and medium-grade goods. Many workers need to purchase production materials. Consequently, there must be a corresponding increase in fluid capital in daily life as well as a sizeable increase in reserve funds for purchasing large quantities of commodities. At the end of 1980, the amount of cash on hand in the urban population of Jiangxi was 21.4 yuan per capita and 20.5 yuan per capita in the rural population, an increase of 27.6 percent and 36.2 percent respectively over the 1978 figures. According to calculations, the amount of ready cash on hand in the urban and rural populations throughout Jiangxi increased by 181 million yuan.

Third, the use of cash has expanded, economic units have increased, as have economic links within units. Cash reserves have also grown. After the production responsibility system was implemented in the countryside, the selling of subsidiary agricultural products and the purchasing of agricultural production materials changed from emphasis on the collective to emphasis on the individual. The method of settling accounts also changed from transferring accounts to using cash. According to statistics, in Jiangxi from January to November 1981, the proportion of cash being used in purchases of subsidiary agricultural products shot up from 39 percent to 45 percent as compared to that of the same period in the preceeding year. The proportion of cash income from commodity sales to retail turnover rose from 71.5 percent to 74 percent. Consequently, commercial units had a corresponding increase in operationally fluid capital. At the same time, the number of organizations in each department in each prefecture has grown. The commercial network has grown, and economic transactions as well as the number of bank accounts opened have increased. Thus the amount of cash reserves has inevitably increased. Based on statistical charts of the people and the peasants, in 1980, 572,000 accounts of various types were opened, an increase of 39.8 percent over the number in 1978. According to surveys and calculations, at the end of 1980, groups and units throughout Jiangxi had 170 million yuan in cash reserves, which was 50 million yuan more than in 1978, an increase of 41.7 percent.

Fourth, the transient population has grown and there has been an increase in the amount of ready cash in transit. In 1980, the transient population in Jiangxi numbered 100 million, 34.26 million more than in 1978, an increase of 52 percent. According to surveys and calculations, in 1980 this transient population had 12 million yuan in available cash, which was 4 million yuan more than in 1978, an increase of 50 percent.

What is the Appropriate Amount of Notes To Have on the Market?

In the past we usually used the proportional relationship of the amount of currency in circulation to retail turnover of social commodities for measuring and calculating the normal amount of currency needed on the market. In the past few years, readjustment and reform of the national economy have been accompanied by new conditions. Thus, based on these changes in actual conditions, it is necessary for us to study new methods to supplement and confirm calculations. This time we selected three survey methods. The first is to put in our calculations new factors, that is, we take the proportional relationship between the amount of currency in circulation and commodity retail turnover as the base and add factors such as labor services and country fair trade. The second calculation method is to separately determine the cash turnover rate of each stratum. The third calculation method is to analyze the structure of the available currency. Use of these three calculation methods is only experimental and, therefore, it is not necessary to go into specifics.

As a result of using the three calculation methods mentioned above, at the end of 1980 the normal amount of currency required on the market was 770 million yuan to 783 million yuan, and the three methods basically tallied with each other. In our study of these three calculation methods, the survey data based on the last two methods contained omissions. Thus we believe that 770 million yuan was the more appropriate amount of currency needed on the market at the end of 1980. However, the real amount on the market was 850 million yuan, about 80 million yuan or 9 percent too much. If we compare the calculated 770 million yuan required on the market with the commodity retail turnover of 5.23 billion yuan, then at the end of 1980 the ratio of currency to commodity retail turnover was 1:6.7. That means that the rate of currency circulation dropped from a high of 7.5 prior to 1965 to 6.7.

At present there are a large number of notes on the market. This is shown by the fact that the supply of commodities cannot keep pace with the growth in purchasing power. The supply of bicycles, sewing machines, medium- and low-grade watches, high-grade chemical fertilizers, medium-sized and small farming implements, and housing materials cannot keep up with demand. Commodities that were once in unlimited supply, such as pork and sugar, are once again restricted by vouchers. Based on the statistics from the 14 country fair trade surveys, from January to September 1981, the price index rose by 14.8 percent compared with that of the corresponding period in the previous year. It should be noted that the discrepancy between the list price and the market price reached 41.6 percent.

Why Does Much of Our Currency Flow Out of Jiangxi?

In the 32 years from 1949 to 1980, banks in Jiangxi have issued 2.04 billion yuan in notes. At the end of 1980, besides the 850 million yuan in notes circulating on the market within Jiangxi, the remaining 1.19 billion yuan, which constituted 53.8 percent of the amount issued by the banks, flowed to markets in other provinces. During these 32 years, an average of 37 million yuan per annum flowed out of Jiangxi. However, in 1979 and 1980, 154 million yuan and 126 million yuan respectively circulated out of Jiangxi. The amount of currency that flowed out of Jiangxi in 1 year was equivalent to the amount that used to circulate out in 3 to 4 years.

Why is currency flowing out of Jiangxi at such a rate? According to studies, the primary factors are as follows.

First, the proportion of agriculture is large and there is much purchasing of subsidiary agricultural products and transfer of materials. In 1980, the proportion of the output value of agriculture to the gross output value of industry and agriculture in the nation was 24.9 percent and 38.3 percent respectively in Jiangxi. Jiangxi was 13.4 percent higher than the nation. In 1980, total value of purchases of subsidiary agricultural products throughout the province was 1.83 billion yuan. In addition to supplying Jiangxi, some products were reallocated to markets in other provinces. According to statistics, in 1980, 1.02 billion jin of sugar, 920,000 cubic meters of lumber and 4 million stalks of mao bamboo were reallocated. The value of these items alone reached 250 million yuan. If these items were purchased and the currency put on the Jiangxi market, we could withdraw the material backing of the currency to markets in other provinces.

Second, the light industry base is weak and the level of self-sufficiency is low. In 1980, the proportion of the output value of light industry to the total output value of industry and agriculture was 35.4 percent nationally and only 29.6 percent in Jiangxi. The rate of self-sufficiency for industrial products was only 60 percent in Jiangxi. At present, the rate of self-sufficiency for products such as bicycles, sewing machines, watches, etc, which are in short supply is not even 10 percent. Furthermore, there is not much variety in light industrial products and quality is inferior. They do not satisfy the needs of the people. Many people frequently take their cash to Shanghai and Zhejiang as well as to the special zones in Guangdong and Fujian to purchase industrial products.

Third, the supply of commodities in industrial and mining areas cannot keep pace and currency cannot be withdrawn on the spot. In Jiangxi there are several industrial and mining areas and there are many investments in capital construction. Many products are transferred out of the province, and the amount that is reallocated does not lead to a withdrawal of currency in the area. There are a great number of staff and workers in these areas and there is a large amount of wages in circulation. However, the supply of commodities and services for the needs of daily life cannot keep up. Consequently, enterprise units, staff and workers often take large sums of ready cash to other areas to purchase subsidiary agricultural products and industrial products for daily use. According to statistics, in the city of Jingde and in 10 other municipalities and counties, in 1980, 127 million yuan were put into circulation, constituting half of the amount put into circulation in the entire province. Of this, a considerable amount flowed out of the province.

Fourth, many workers are from outside the province, so they take away with them a fair amount of ready cash. In Jiangxi many projects have contracted outside labor, such as road and bridge construction, mountain blasting, capital construction, and cutting timber and transporting lumber. According to some sub-branch surveys and estimates, in Jiangxi there are approximately 50,000 workers from outside the province. Except for spending money on living expenses, most of them will take away their ready cash.

In summary, there are many reasons for the draining of currency out of the province. It is very complex. However, in looking at overall conditions, there are objective historical factors for this drain. There also exist problems in planned distribution and in work, all of which are reflected in the excessive weakness of our light industry and in the insufficient supply of commodities. In 1980, the rate of commodity retail turnover per capita on a national basis was 214 yuan. In Jiangxi it was only 160 yuan, which is 25.2 percent lower than the national average. This shows that some of the purchasing power has gone to markets in other provinces. This is most unfortunate. First of all, people are unable to buy things and they have many complaints. Second, currency that has flowed out of the province can buy back industrial products so that we cannot attain a good level of industrial or commercial accumulation. According to preliminary revised calculations, of every 100 yuan in sales turnover, industrial taxes take 25 yuan and commercial taxes take 4.5 yuan. In 1979 and 1980, owing to the draining of purchasing power, the entire province lost approximately 80 million yuan in industrial and commercial taxes. Consequently, considering the conditions in Jiangxi, it is worth earnestly studying and solving problems involved in striving to develop the light and textile industries and other consumer product industries, increasing market supplies, successfully balancing area commodity supplies and purchasing power as well as reducing the currency drain.

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CSO: 4006/420

FINANCE AND BANKING

BRIEFS

NEI MONGGOL TREASURY BONDS--Nei Monggol autonomous region has overfulfilled its annual treasure bond subscription target. According to statistics released in early July, the region had subscribed to 57.65 million yuan of treasury bonds, of which 33.96 million yuan had been paid. [Sk302245 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Jul 82]

STOCK ISSUED TO RAISE CAPITAL--According to Jilin Ribao, on 2 July advertisement posters put up by the No 1 Knitwear Mill of Yanji Municipality could be seen on the streets and in public places. Designed to attract people to purchase stocks issued by the mill in order to raise capital, the posters advertised that the mill is to issue 700 shares of stock with each share worth 2,000 yuan. A worker's quota is attached to each share. Unemployed youths between 18 and 22 who have urban residence registration and are graduates of junior middle schools are entitled to become shareholders. After health checkups shareholders are employed at the mill and are paid as workers in collectively owned enterprises. The mill will repay the principal and interest by installments at a monthly interest rate of 1.8 percent 3 years after the shares are purchased. These posters found enthusiastic response among the people. Within 9 days over 750 persons applied to become shareholders. The No 1 Knitwear Mill has enjoyed brisk business in recent years and its product supply falls short of demand. To expand production and reinforce its weak links of production, the mill was planning to build a [word indistinct] with a floor space of 4,500 square meters. However, it did not have 1.4 million yuan to finance it. Under this situation, it analyzed the possibility of raising this capital from society. Noticing the steady increase in the masses' savings and the great number of youths awaiting work, they decided to combine the problem of raising capital with employment. By doing so they could kill birds with one stone--relieving the burden of the state, solving the mill's shortage of capital and providing employment for youths awaiting work. Their plan was approved by the Yanji Municipal CCP Committee and other relevant departments and gained their support. Now the mill is screening the applicants and conducting health checkups. [Text] [SK240427 Changchun Jilin Provincial Service in Mandarin 2200 GMT 23 Jul 82]

NEI MONGGOL INDUSTRIAL TAX REVENUE--By the end of June, Nei Monggol had received 347.21 million yuan in tax revenue turned in by industrial and commercial departments, which is 51 percent of the annual plan, showing an increase of 57.5 million yuan over the corresponding 1981 period. The amount of tax revenue in areas decreased by some 5 million yuan compared to that of the same

period in 1981. [SK190001 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 15 Jul 82]

NEI MONGGOL TAX REVENUE--The industrial and commercial tax revenue in Hulun Buir League, Nei Monggol autonomous region, in the first half of 1982 reached 62.85 million yuan, an increase of some 14 percent over the corresponding 1981 period, fulfilling 49 percent of the annual plan. In the first 6 months of 1982, the league netted 1.2 million yuan in profits, turning deficits into profits. [Hohhot Nei Monggol Autonomous Regional Service in Mandarin 1100 GMT 20 Jul 82 SK]

CSO: 4006/579

MINERAL RESOURCES

BRIEFS

YUNNAN PREFECTURE'S GOLD--Lijiang Prefecture produced 5,330 grams of gold from January to June, overfulfilling its quota for the first half of the year by 3.39 percent. Peasant households have boosted their income through this sideline production. [Kunming Yunnan Provincial Service in Mandarin 26 Jul 82 HK]

CSO: 4006/579

INDUSTRY

FORMULATION OF COUNTY, TOWN INDUSTRIAL DEVELOPMENT

Tianjin KEXUEXUE YU KEXUE JISHU GUANLI [SCIENCE AND MANAGEMENT OF SCIENCE AND TECHNOLOGY] in Chinese No 5, 20 Oct 81 pp 12-14

[Article by Yu Yintang [0080 5593 2768] of the Administrative Bureau Science Committee, Songhua Jiang Prefecture, Heilongjiang Province: "Policy on County and Town Industrial Technology"]

[Text] China is a developing nation. In the process of progressing from a backward production technology to a modern technology, the task of improving the county and town industrial technology is a difficult, formidable task. An important mission in local scientific and technological management is an in-depth study and formulation of technology policy based on the features of town and county industrial production and under the guidance of our national S & T development policy.

I.

The technology policy of county and town industry should be one component of our national S & T policy. China is a large nation with one billion people, of whom 800 million are peasants. Because of the large population, the development and modernization of the county and town industry play an important role in the modernization of our entire nation. Emphasizing the development of county and town industrial technology is itself a significant strategy.

A general rule in the development of the societal economy is an absolute decrease in the agricultural population and an absolute increase in industrial population. China cannot devote 80 percent of its population to agriculture. So where should these hundreds of millions of people go? Population density in the cities is already high, and it is obviously impossible to concentrate all the people in the cities. Hence, in view of the inevitable trend of social development, county and town industry really has a broad prospect for development.

The development of county and town industry is also an important insurance for achieving a per capita production goal of 1,000 yuan. According to statistics for Songhua Jiang Prefecture [adjoining Harbin in Heilongjiang Province], the 1980 value of county and town industrial production was 1.2 billion yuan, which is approximately half the gross value of agricultural and industrial production in that region. When averaged by county and town population, the per capita

production value was more than 1,000 yuan. Experience has shown that county and town industry plays a significant role in satisfying the daily needs of the local population, in supporting agriculture and large industry, and in creating export foreign exchange and improving the wealth in rural areas.

The rise of county and town industry is also a big boost for the development and progress of science and technology. The production technology of county and town industry is in general backward; many traditional methods and techniques urgently need the improvement of modern technology, and some new areas of production are yet to be explored. This not only provides a huge number of topics for specialized research, but also a wide open field for the application of S & T results. Efforts in this area will build the entire S & T system of China on a broader basis of social needs.

Therefore, research on county and town industry policy based on the current status of China's town and county production technology will have an important effect in thoroughly carrying out our national S & T policy, vigorously developing appropriate technology, and basically turning around the underdeveloped situation in production technology and in the development of the national economy.

II.

The fundamental basis and origin in the study of technological policy of county and town should be the production nature and technological condition of county and town industry. The nature of county and town industry determines the specific content and feature of the technological policy for county and town industry.

First of all, there is a great variety of county and town industry. Relatively, the production scale of county and town industry is generally small, but there are numerous types with greatly varied characteristics. Therefore, simply "starting with the key production technology" will not work for policy research in county and town industry.

Second, county and town industry does not have a complete scientific and technological system. Although there are numerous kinds of production in county and town industry, there is not a complete set of scientific disciplines, nor is there a complete technological system. Thus, one cannot explore the policy question of county and town industry from a scientific and technological system point of view.

So, what are the characteristics of county and town production technology? First, appropriateness: as far as the general production technology is concerned, the techniques are appropriate, effective and easily promotable. Second, closeness to production: the research and application of each scientific and technological project originate from production, progress with production and apply directly to production. Third, the prominent local nature: the technological development is determined by the local natural resources and the special features of the societal economy. It has its own traditional profession and traditional knowhow and has a production advantage and a corresponding technology advantage in a certain region.

In short, we should start from these features of county and town industrial production, study the direction and path of its development, and determine the corresponding technical policy. Only then can we carry out our national S & T policy and accelerate the progress of county and town industry.

III.

What principles should we follow in formulating a technical policy for county and town industry? Judging from the experience in Songhua Jiang Prefecture, we have the following principles:

1. The S & T development direction for county and town industry should be specifically based on the local characteristics, and it should be the development of special production resources and the modernization of traditional industry. In general, each locality has its own resource advantages. In Songhua Jiang Prefecture we have a wealth of mountain resources. Proper development of these resources will turn latent mountain resources into precious treasures. For example, purple plum wine and mountain grape wine made of mountain fruit and grape have become famous high-grade fruit wines here and abroad, and the well-known Chinese medicine Ci-wu-jia is selling very well in China and overseas. Here one does not need frontier technology, but because of the special resources backed by traditional knowhow, the products are unique. If we make an effort to develop the corresponding production technique and arm the traditional methods in county and town industry with the scientific techniques at our disposal, then we will not only have a unique local industry but a unique production technology as well.

2. The importation of technology centered on the copying of products should be encouraged. Because of the backwardness of county and town production technology, the importation of technology should be mainly for the simulation of products. As far as the current technical condition of most county and town industries are concerned, there is no capability, or need, for the introduction of patent technology and complete sets of equipment. However, in copying products, one can gather the expertise of several plants producing similar products and incorporate modifications and creativity into the copy and raise the product quality to the current level in a short time.

This is possible for most county and town industries. In Tonghe County of Songhua Jiang Prefecture, a collective enterprise had a small farm machinery plant which was poorly equipped and weak in technology. The plant members borrowed an imported mower from a foreign trade department and copied the machine. They designed two new mowers that are one-third more efficient than the imported model. They could not meet the demand for their new products and the foreign trade department recommended that they export their new products. This effective method of introducing a generic product without buying the patent should become a policy in our development of county and town industry.

3. The county and town industry should be guided to emphasize the application and promotion of research results in their development effort. County and town industries are weak in technology and do not have the ability to conduct specialized research. If they force themselves to conduct research, the result is often much effort but little or no achievement. The S & T effort of county

and town industries should not be placed on achieving independent research results; instead, they should adopt the results provided by research units and quickly turn them into products. A policy based on this principle will speed up the development of county and town industries by making them rely more on science and technology.

4. Production technology studies aimed at developing potential, improving and restructuring should be promoted. Since the foundation of county and town industry is relatively weak, it should pay more attention to potential development, improvement, restructuring and production development. In these activities each enterprise will have to solve some technical problems. Formulating a technical policy that encourages the development of potential, improvement, and restructuring will keep the science and technology efforts of county and town industry tightly focused on these activities, and they will achieve more while spending less. In 1981 alone, the 23 counties and towns in Songhua Jiang Prefecture increased their production value by 40.65 million yuan and their accumulation by 10.09 million yuan in an effort to develop production centered on developing potential, improving and restructuring. In Hulan County alone, 185 production projects were embarked on in 1 year, and 97 of them were completed in the first 6 months, the production value was increased by 360,000 yuan and expenditure was reduced by 270,000 yuan.

5. S & T personnel exchange should be promoted and S & T personnel should be allowed to fully play their role. On the whole, county and town industry does not have a large contingent of S & T personnel, but the question of rational distribution also exists. In general, large state-operated plants have more science and technology personnel and small collective plants have a smaller number or even none. Experience has shown that enterprise or business assistance through personnel exchange is the most economical and effective approach. Therefore, a technical policy that promotes personnel exchange in county and town industry will to a certain extent change the situation of insufficient S & T personnel and irrational distribution.

IV.

An important mission of prefecture and county S & T management departments is the formulation of technical policies for county and town industry. Because this is a very complex task, we need to improve and strengthen our prefecture and county S & T management work.

1. The local science and technology management department should be strengthened by building up the prefecture and county science committee. Without a powerful S & T management department, it would not be possible to formulate a technical policy for the county and town industry. The key to strengthening the prefecture and county science committee is the assignment of S & T personnel knowledgeable in their specialty and in management. They understand the particulars and rules of S & T work and they also understand what kind of technical policy promotes the development of production technology. This is the basic condition in establishing a county and town industrial policy.

2. A consulting organization should be established for the formulation of S & T policy. In this format, the county may be used as a unit in establishing

an S & T team. This team can then solve major production-related technical problems and serve as a scientific advisory group for party committees and governments at various levels. In the meantime, it is a consulting organization for policy decisions in county and town industry.

3. A signal feedback system should be established for policymaking. Today many enterprises in county and town industry have organized technical groups consisting of S & T personnel, skilled workers and management cadres. The main tasks of these technical groups are the analysis of technical and economic information on the market, development of new products, development of potential, improvement, restructuring, and application of new technology. If such technical ranks can be established more widely so that they not only constitute reinforcements in changing the backward production technology of the enterprise but also become a signal feedback system for formulating county and town industry technical policy, then through this system the correctness and universality of some preliminary policy can be assessed in time to find out what aspects should be modified and perfected so that the policy is more scientific.

(Edited by Xiao Cheng [2556 3397])

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CSO: 4008/87

INDUSTRY

BRIEFS

ZHEJIANG INDUSTRIAL DEVELOPMENT--Zhejiang's industry developed steadily in the first half of this year. The total output value was 10.2 percent more than the same period of last year. Output of 75 percent of the major products showed increased output compared with the corresponding period of 1981. [Hangzhou ZHEJIANG RIBAO in Chinese 8 Jul 82 p 1 OW]

LIAONING ENTERPRISE OUTPUT-VALUE INCREASE--In the first 6 months of 1982, the commune- and brigade-run enterprises in Chaoyang Prefecture in Liaoning Province fulfilled 83.16 million yuan of output value, an increase of 31.2 percent over that of the corresponding 1981 period, topping the previous peak. The output values of gold and raw coal respectively increased 66 percent and 20 percent over the corresponding 1981 figures. [Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 22 Jul 82 SK]

HENAN INDUSTRIAL PRODUCTION INCREASES--Henan Province fulfilled 49.32 percent of the 1982 quota for total industrial output value in the first half of this year. The total industrial output value in this period was 12.83 percent more than in the corresponding period of last year. However, some new problems have now emerged. Some light industrial products which originally sold well have become unsalable and some heavy industrial products, such as diesel engines and hand-held tractors, which were originally in ample supply are now in short supply. The quality of some products is poor and the quality of light industrial and textile products has tended to decline. The province must properly readjust its plans for production to meet the needs of society. The province must also vigorously supply industrial products to rural areas and improve the quality of products. [Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 6 Jul 82 HK]

NEI MONGGOL LIGHT-TEXTILE OUTPUT--Light and textile industrial enterprises in Baotou Municipality, Nei Monggol autonomous region, have rapid progress in improving product quality and upgrading economic returns since the 3d plenary session of the 11th CCP Central Committee. According to statistics, in 1981 these enterprises scored a 29 percent increase in total output value over the 1979 figure and a 39.2 percent increase in profits. The annual per worker labor productivity was worth 6,559 yuan, a 6.3 percent increase over the 1979 figure. Over the past 3 years, the municipality has added about 160 new products and over 540 new varieties of products in this regard. [SK302247 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Jul 82]

HUNAN MACHINE-BUILDING INDUSTRY--A provincial conference on the machine-building industry was held at the Hengyang tractor plant in late July. The meeting held: the province's machine-building industry recovered relatively rapidly from its decline and developed steadily in the first half of the year. Total output value was 17.7 percent more than in the same period last year. According to statistics from 274 enterprises under all-people ownership, profits showed a rise of 14.4 percent over the same period last year, while tax revenue increased by 27.2 percent. For the second half of the year, the meeting called on the industry to center its efforts on improving economic returns, straighten out the enterprises, work hard to improve quality, expand the field of service, and ensure the fulfillment of the year's tasks. [HK290425 Changsha Hunan Provincial Service in Mandarin 2310 GMT 28 Jul 82]

INDUSTRIAL PRODUCTION DEVELOPED--In the past 3 years, under the leadership of the Siping Municipal CCP Committee and government, the financial and tax department throughout the municipality were devoted to readjusting enterprises and improving their economic results, and thereby brought a great advance in development of industrial production. As a result, the deficit in enterprises declined, profits increased and revenue and expenditure with a little surplus for the successive 4 years from 1978 to 1981. To support the development of industrial production, we have emphasized the following tasks. First, we have paid attention to making the most out of the limited financial resources. In the past 3 years, we coordinated with the People's Bank, the Construction Bank and the Tax Bureau to raise more than 54 million yuan for 148 production items of 92 enterprises. The output value of those enterprises increased by 49 million yuan, tax revenue by 8.56 million yuan and profits by 4.78 million yuan. Second, we have helped enterprises improve management to improve economic results. [Recorded talk by (Qian Yige), deputy director of Siping Municipal Financial Bureau: "Support Industrial Development to Increase Production and Income"--date and occasion not given] [Excerpts] [SK280350 Changchun Jilin Provincial Service in Mandarin 1100 GMT 27 Jul 82]

CSO: 4006/578

CONSTRUCTION

URBAN CONSTRUCTION CONFERENCE STRESSES GUIDING PRINCIPLES

Nanjing XINHUA RIBAO in Chinese 16 May 82 p 1

[Article by staff correspondent: "We Must Strive To Successfully Plan, Build and Manage Urban Areas"]

[Text] The all-province second urban construction conference lasted 9 days. The scheduled agenda was completed and the conference came to a close on the 14th. Han Peixin [7281 1014 0207], the secretary of the provincial CCP committee, gave a speech at the conclusion of the conference. Zhu Bingshi [3137 0393 4258] and Liu Hegeng [0491 0735 6342], members of the standing committee of the provincial CCP committee, and vice governors attended the conference.

This conference, which was convened by the provincial CCP committee, clarified the guiding ideology of urban construction. They discussed implementing principles and policies on urban construction and studied plans for the establishment of an urban spiritual civilization. At the conference they also exchanged experiences. The format of the conference was fairly concentrated and it was well run. It was a good beginning for further improving urban construction and administrative work.

At the onset of the conference, after Comrade Xu Jiatun [6079 0159 1470], who represented the provincial CCP committee, gave a report, comrades attending the meeting stressed discussing and studying the guiding ideology behind urban work and the principles and policies of urban construction. Next, 20 comrades gave speeches to the general assembly. This included comrades from Changzhou, Nantong, Nanjing, Suzhou, Xuzhou, Lianyungang, Yangzhou, Qingjiang and other cities, as well as the Wuxi No 2 condensor plant. They presented their experiences in urban production, construction and management. Comrades from the counties of Gao, Shazhou and Wuxi as well as comrades from the towns of Yixing and Dingshu presented their experiences in construction and management in small cities. Comrades from Wuxi Municipality, the Yangzhou Cotton Mill and Taizhou Municipality's Federation of Trade Unions presented their experiences in strengthening ideological and political work and successfully establishing a spiritual civilization. The conference also issued 28 written speeches. Participants in the conference also visited Changzhou's corduroy plant and several other plants as well as newly built gardens, new villages and other residential areas. These comrades believe that these typical experiences which focus on urban construction and management reflect

reality in different aspects and are enlightening for everyone. On the basis of unified understanding and exchange of experiences, everyone listened to and discussed the speeches of leading cadres in the provincial CCP committee's Ministry of Propaganda, Provincial Construction Committee, Science Committee, Public Security Department, Environmental Protection Bureau and Family Planning Commission. They discussed several special cases. Leading groups at the conference respectively invited specialists who were participating in the conference, the chairman of the Economic Council and leading comrades in municipal district CCP committees to hold three symposia. Many excellent opinions were heard.

In his speech at the conclusion of the conference, Comrade Han Peixin first of all discussed the matter of how urban work should uphold "focusing on the establishment of both kinds of civilization." He said that the establishment of an urban spiritual civilization occupies a very important and guiding position in certain areas. Once a spiritual civilization is established in urban areas, it will play an exemplary and encouraging role in the whole of society.

Comrade Han Peixin said that in our province there are many cities and market towns, and that the establishment of "two civilizations" must take this characteristic into account. In establishing a socialist spiritual civilization we should first successfully carry out the establishment of a spiritual civilization in cities and market towns. The state of the spiritual character, moral customs, living habits, clothing and recreation in urban areas can directly affect the various surrounding areas. Those of us who are involved in urban work, particularly leading cadres in the party committee and in various departments, must all fully recognize the weight of their own responsibilities. While we are concentrating on production, developing the economy and raising the people's material living standards, we must also put even more energy into adopting truly effective measures, establishing a spiritual civilization and ensuring that the undertaking of socialist construction proceeds along the correct course and path charted by the party.

In his speech, Comrade Han Peixin explained and clarified the problem involved in coordinating the development of urban economic undertakings and other social construction jobs as well as problems in the planning, construction and management of urban work which were brought up by conference participants during discussions. He called on each area to successfully plan, construct and manage large, medium and small cities and towns.

In his speech, Comrade Han Peixin went on to stress improving economic benefits and the problem of getting a good grasp on this year's industrial production. He said that at present the situation in industrial production is excellent. From this year on each area must regard improving economic results as their central task, and begin with seeing that products meet the needs of the market and organize and plan production so as to obtain better results. By April the industrial output value realized in the entire province amounted to 15.7 billion yuan, an increase of 14.5 percent over the same period last year. They fulfilled 31.8 percent of the directive to "maintain six" throughout the year. However, the economic benefits in the industrial production of the prior 4 months were far from ideal. The quality of some products declined and the consumption of raw materials and energy resources escalated. Objectively speaking,

our energy resources are in short supply and it presents problems for present and future production. The tasks facing us in the coming 8 months are heavy, we must not be blindly optimistic. It is necessary to inspire enthusiasm, do sound work, carefully plan production and strive to fulfill and overfulfill plans for this year.

He proposed that each area further straighten out their guiding ideology in industrial production and truly give priority to improving economic benefits. This year there must be a major change in improving economic benefits, we must make a new breakthrough. He demanded that this year's industrial production be carried out at a practical and uninflated rate. It is essential to concentrate on producing and conserving energy and to make skillful arrangements. We must earnestly focus on work in straightening out enterprises. We must also stress relying on and mobilizing the masses. We must launch a socialist labor emulation drive of mass character to emulate, learn from, catch up with, help and in turn surpass each other. It is necessary to truly allow workers to participate in management and to develop among the working class a sense of being their own master.

Comrade Han Weixin also called on each area to conscientiously, readjust and rectify production-brigade enterprises and organize and plan their production. In order to successfully run production-brigade enterprises, it is necessary to resolutely attack economic crimes and check unsound practices. At the same time it is necessary to help resolve practical problems that urgently require solution. We must use constructive methods and support the healthy development of production-brigade enterprises.

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CSO: 4006/465

CONSTRUCTION

BRIEFS

JILIN CAPITAL CONSTRUCTION--In the first half of 1982, Jilin Province invested 336 million yuan in capital construction, an increase of 45.9 percent over the corresponding 1981 period. Of this, 206 million yuan was invested in 67 key construction projects, 36 percent of the annual target. Planning to drill 300 oil wells this year, the Jilin oil field now has drilled 247 oil wells, and 160 of them have already been put into production. Its annual added crude oil production capacity is projected at 100,000 tons. Since the beginning of this year, the province has built 2.03 million square meters of residences, an increase of 50.5 percent over the corresponding 1981 period. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 18 Jul 82 SK]

NEI MONGGOL HIGHWAY BRIDGE CONSTRUCTION--A highway bridge across the Huanghe River's section in Baotou Municipality, Nei Monggol autonomous region, is under speedy construction. As of now, 80 percent of the project, which was started in October 1979, has been completed. Workers at the construction site are ready to set six large steel beams in place, each of which is 260 meters long and weighs 4,000 tons. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Jul 82 SK]

TIANJIN HOUSING CONSTRUCTION--The earthquake occurred on 28 July, 1976 did great damage to Tianjin City. More than 34 million square meters of houses of various kinds were damaged. Among them over 16 million square meters of residences which accounted for 70 percent of residential areas were seriously damaged. Since then the city CCP Committee and government have opened 10 new residential districts in addition to repairing damaged houses. By the end of June 1982, the city repaired and reinforced 480,000 houses, totaling 7.85 million square meters, and built 8.79 million square meters of houses, schools, hospitals, nurseries, theaters and commercial shops, rehousing 220,000 families. The municipality has also installed 113.2 km of tap water pipes and 146.146.9 km of sewers and repaired 175,000 square meters of roads. [SK280552 Tianjin City Service in Mandarin 0030 GMT 28 Jul 82]

JIANGSU PORT CONSTRUCTION--Nanjing, 24 Jul (XINHUA)--Construction is now progressing at five major ports in Jiangsu Province for 16 deep-water berths capable of accommodating 10,000-ton class or even greater ships. The berths, expected to be completed before the end of 1985, will be capable of handling 15 million tons of cargo a year, double the figure for all available ports in the province at present. Six berths are being built at Lianyung Harbor, one of China's 10 leading ports, in an effort to facilitate export of coal produced in the coal mining centers in Anhui, southern Shandong and southeastern Shanxi Provinces. The Nanjing Port is being expanded as workers are building one 20,000-ton container ship berth and two other berths for 10,000-ton bulk carriers at Xinshenyu. Four berths for 10,000-ton ships are being built in Zhejiang, an important inland river transport center like Nanjing. Construction is in progress for one berth in the Langshan Harbor in Nantong and two berths in Shazhou County, all for 10,000-ton class ships. [OW250935 Beijing XINHUA in English 1217 GMT 24 Jul 82]

CSO: 4020/156

DOMESTIC TRADE

PHENOMENON OF 'EVERY CITIZEN A MERCHANT' EXAMINED

Guangzhou NANFANG RIBAO in Chinese 15 May 82 p 2

[Article by Kang Yefeng [1660 2814 6265] and Shen Guangyin [3088 1639 9515].
"Rectifying the Confusion of 'Every Citizen a Merchant'"]

[Text] In the last few years, in the wake of the loosening up of our economic policies and the opening up of markets, a situation arose in the city of Shantou where "everybody became a merchant." The prefectural and municipal organs, mass organizations, schools, neighborhood organizations and other departments, all engaged in trade. According to statistics, the number of businesses in the city increased by 586 during the last 2 years, with 8,063 persons working in them. In addition there also appeared 1,355 individual enterprises with 1,598 persons working in them. These businesses amounted to 64 percent of all the state-run enterprises and cooperative shops and employed 58 percent of all personnel employed. This development was greatly effective in opening up more channels for the circulation of commodities, in enlivening the interflow of commodities between town and country, in supplementing the insufficient number of state-run trade stations, as a facility for the masses, and also in allocating work to a section of our young people. However, quite a number of problems have arisen too, due to the fact that the economic legislative and administrative work has not kept pace and that there was no clear line of demarcation in our policy concerning noncommercial departments engaging in trade. The following are the main problems:

Exceeding the scope of actual business concerns; rush to do any business that will yield a profit. We understand that over 80 percent of the noncommercial departments that engage in trade do so not in accordance with the scope determined in their business licenses. For instance, the scope of trade approved by the industry and trade administration for the general industrial supply and marketing office of the Yongtai neighborhood enterprise in Anping Ward of Shantou City, was to organize the supply of raw materials and to market the products for and on behalf of the industrial enterprises in that neighborhood district. The method of operations was to buy and sell as agent. However, the tax bureau found out last December that the said general business office sold sewing machines to places outside the district to the value of over 12,300 yuan, and also sold to a certain unit of the city 7,500 yuan worth of polyethylene and 2,000 yuan of toilet paper, all items beyond the sphere of its actual business. The

supply and marketing units in some state-run businesses also exceeded the scope of their proper operations. They would engage in anything that brought a profit, disregarding their original proper operations which were to serve the masses. The business of innkeeping in particular bloomed forth all over the place. Quite a number of units went in for large-scale construction of inns. Some even went so far as to squeeze kindergartens and schools out of their premises to turn them into hostels. Apart from the municipal hostel, guest house and the Overseas Chinese Travel Agency, there are now 40 inns and hostels started up by various businesses and enterprises, with over 2,000 beds, by far in excess of actual requirements.

July and December last year, the general supply and marketing office of the Labor Service Company of Anping Ward fraudulently bought 400 tons of diesel oil from a certain department of the air force. The oil was bought at the list price but sold again at a high price, yielding an illegal profit of over 40,000 yuan. Some people force up commodity prices, some rush to buy up commodities that are greatly in short supply in the market, some concoct various pretexts and openly sell certificates and invoices, thus providing helpful bridges for illegal operators and profiteers, while exacting commissions for their services. According to incomplete statistics, there were 71 businesses in the city that used purchased invoices and there were 978 invoices made out on behalf of illegal profiteers. Illegal income in the form of so-called commissions, administrative charges, etc. amounted to 58,200 yuan.

Violations of state regulations, smuggling and tax evasion. Quite a number of businesses do not make out the required invoices, but arbitrarily enter accounts merely on slips of white paper or employ other tricks to evade taxation. Last year only 180,000 yuan was collected as business tax from individual businesses, a daily average of only 0.35 yuan per business. Quite a number of state-run units charged with wholesale operations violated the regulations by opening retail shops. In the fourth quarter of last year alone, over 500,000 yuan of fines and overdue tax was collected from prefectural and municipal wholesale departments.

Evading bank supervision; violating cash control regulations. Only 43 of all the businesses operated by noncommercial departments in the city had opened bank accounts, all the others do business on a cash basis.

In order to maintain our system of planned economy, and at the same time launch an adjustment of markets, bring into full play the effectiveness of having a great many trade channels and to invigorate our economic life, it is necessary to institute a true rectification of this type of "every man a tradesman" situation. Most recently, the People's Government of Shantou has already taken this work in hand, set up a rectification team and furthermore asked all units concerned and all individuals to strictly carry out the "Regulations Governing Certain Problems in the Suppression of Illegal Trade Operations and for the strengthening of Market Control," issued by the People's Government (see 29 April issue of this paper, p 1). However, this is only the beginning and it will still take much effort to have all the provisions of the regulations put into effect.

DOMESTIC TRADE

BRIEFS

SHANDONG COMMERCIAL PROGRESS--In the first half of 1982, Shandong Province enjoyed brisk business transactions in both urban and rural markets. By the end of June, commercial departments in the province scored a purchase volume worth over 3.52 billion yuan, a 5 percent increase over the figure of the corresponding 1981 period. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jul 82 SK]

JILIN TRADE FAIR--The 1982 summer Changchun materials and goods trade fair closed 18 July at the Changchun Municipal Workers' Culture Palace, Jilin Province. During the fair, 256 purchasing-marketing contracts were signed. The volume of business totalled 20.5 million yuan. Joining the fair were delegations from 17 provinces and 68 municipalities and counties, such as Beijing and Tianjin Municipalities and Liaoning, Shaanxi, Hubei, Guangdong, Jiangsu and Shandong Provinces. On display were metal materials, building materials, light and chemical industrial products, machinery and electronic products and timbers. According to statistics, some 4.1 million yuan worth of steel glass, automobiles and fiberboard urgently needed by the province were transferred to the province through this trade fair. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 18 Jul 82 SK]

SHANDONG TRADE-FAIR BUSINESS INCREASE--In the first half of 1982, transactions among urban and rural trade fairs in Shandong Province increased on a large scale. By the end of June, over 4,000 trade fairs in the province scored a business volume worth over 1.39 billion yuan, an 11.8 percent increase over the figure of the corresponding 1981 period. According to market quotations, the volume accounted for 11.8 percent of the total retail sales of social commodities throughout the province. [Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jul 82 SK]

NEI MONGGOL MARKET BUSINESS--During the January-June period, Xingan League, Nei Monggol autonomous region, fulfilled 52.4 percent of the annual commodity procurement plan, an increase of 12 percent over the corresponding 1981 period. Each peasant purchased 57 yuan worth of commodities on the average. This league's members bought 140 television sets in the first half of 1982, an increase of 400 percent over the annual sales volume in 1981. [Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 25 Jul 82 SK]

CSO: 4006/579

FOREIGN TRADE

BREAKTHROUGH IN PRODUCTION OF EXPORT COMMODITIES URGED

Fuzhou FUJIAN RIBAO in Chinese 22 May 82 p 3

[Text] Development of the export trade from our province hinges on two problems: production and circulation, and it is extremely important to get these two problems well under control. Production and circulation complement each other; if there is no circulation, or if the channels of circulation are clogged up, production can hardly continue, as goods will then not be able to reach the market and will accumulate. On the other hand, if there is no production, or a slackening of production, the circulation is left like "trying to cook a meal without, or with very little, rice." It is bound to end in "limping walk" and in the end possibly in "inability to move one step." However, in the handling of this relationship of production and circulation, it is necessary, first of all, to get production firmly in hand. Developing production of export commodities is the indispensable material foundation for any effective circulation.

For the development of our production of export commodities we must first of all gain a clear picture of the existing state of production of export commodities in our province. In 1981 the total procurements for foreign trade throughout the province amounted to 1,002 billion yuan, which was more than double the figure for 1978, with an average annual increase of 29 percent. In 1981 the total value of export commodities was 380 million yuan, which was double the figure for 1978, with an average annual increase of 26 percent. During the 3-year period from 1979 to 1981, the cumulative total of foreign exchange generated was 987 million yuan, which is 80 percent of the total value of foreign exchange earned during the 28-year period from 1950 to 1978. These facts demonstrate clearly that the circulation in our foreign trade during the last few years has been excellent. It also reflects a gratifying state of development of our production of export commodities. However, compared with the situation in the country as a whole, the foreign trade of our province is comparatively small. According to data of the State Bureau of Statistics, the total exports of the whole country amounted to 36.76 billion yuan in 1981, so that the share of Fujian Province would be only 1.8 percent. This shows that production of export commodities in our province is still lagging behind. Especially when it comes to certain agricultural sideline products and special local products, it is only by some "squeezing" that some could be "squeezed out" for export.

Due to the sluggish development of production of export commodities, there is an insufficient supply of marketable export goods, especially of hot-selling items that can compete in the international market, and this has become a very

conspicuous problem in the present export trade of our province. It is therefore a most important task in all export work to expand by every possible means the production of more export commodities and open up more sources of marketable goods. We must therefore exert ourselves, following the directives of the leading comrades in the central authorities, to develop the production of export commodities in such lines as mineral products, machinery and electrical products, products of the light and textile industries, and special handicraft and art objects, as well as local specialties. There exists indeed a great potential for expanding our exports. Machinery and electrical items produced in our province are already being shipped to Hong Kong, Macao, Southeast Asia, altogether to 24 different countries and areas. Numerous handicraft and art objects enjoy a high reputation in the international market. There has also been a certain fundamental development in the light industry and textile industry. Abundant mineral resources could also be exported. As long as our guiding ideology is on the right track, and as long as we are able to fully utilize the present beneficial state of affairs and will energetically develop our potential, an extremely bright future is certain for our production of export commodities and for our export trade.

For the further development of the production of export commodities, the industrial and agricultural production departments will not be able to evade their responsibility, but the foreign trade departments, who can play a very important role in promoting production, have also, very obviously, an unshirkable responsibility. The foreign trade departments must establish close cooperation with the industrial and agricultural production departments, and must continuously adapt the products to the demands of the international market, raise the quality of the products, improve packaging and outer appearance establish a reputation for certain brands and bring out "hot-selling" articles. In this way we shall be able to greatly improve the competitive strength of our export commodities and achieve a real new and impressive breakthrough in the foreign trade of our province!

9808

CSO: 4006/479

FOREIGN TRADE

ATTACKING ECONOMIC CRIMES, UNHOLDING ECONOMIC POLICIES STRESSED

Fuzhou FUJIAN RIBAO in Chinese 14 May 82 p 1

[Article: "'Upholding Policies' and 'Resolutely Attacking Crimes' Are Not Mutually Exclusive"]

[Text] The serious problem facing us is to understand correctly the relationship between attacking major economic crimes and implementing the policies of opening up foreign trade while reviving the domestic economy. It involves both concentrating on our "attack" and successfully engaging in foreign economic work.

There is a saying: "The door to foreign economic activities has just opened when along comes an 'attack', so now there is nothing worth doing." This kind of thinking impedes the launching of the struggle to combat major economic crimes at the present time. It also hinders the further implementation of special policies and flexible measures. We ought to pay special attention to resolving this.

Opening up foreign trade and actively launching foreign economic activities are strategic measures adopted by our party based on the needs of modern socialist construction. They have caused China's economic work to move from its long-term position of being a closed-door nation into the vast real world. Practice has already proven and will continue to prove that this is a policy that will make us a strong country and bring prosperity to the people. It corresponds to the inevitable trend of social development. It is the correct approach. The party Central Committee and the State Council have already approved of Fujian's implementation of special policies and flexible measures in foreign economic activities. Even though in the past few years we have only taken small steps, we have already made an excellent beginning. This is very encouraging.

There is no positive link between economic crimes and the implementation of policies to open up foreign trade, nor can we attribute the former to the latter. Of course, we should also realize that along with the increase in foreign contacts there have been a number of weak-willed people in our ranks who have been unable to withstand the decadence of capitalist ideology and the bourgeois lifestyle. They have been hit by "sugar-coated bullets." Some lawless elements have also taken advantage of this opening up to seriously

undermine the national economy. Criminal activity that involves domestic and foreign collusion such as smuggling, bribery, speculation, fraud and the buying and selling of foreign exchange for speculative profit is already rampant in certain areas of the province. Only if we resolutely combat economic crimes can we ensure that our economic construction will not depart from the path of socialism and that the workers for the party and state will not become corrupted and degenerate. Only in this way can we correctly carry out special policies and flexible measures to ensure the healthy development of foreign economic activities. This is endorsed by vast numbers of cadres and people throughout the province. Furthermore, patriotic overseas Chinese and our compatriots in Hong Kong understand and approve of the proper methods of foreign businessmen used in doing business with us or in economic cooperation.

It is essential for us to correctly understand and deal with the relationship between combating economic crimes and opening up foreign trade. Our attack on economic crimes will cause foreign contacts to get on a correct, equal and mutually beneficial course. There will be respect for national sovereignty and independence as well as national dignity and interests. It will benefit rather than harm the opening of foreign economic activities. It certainly will not close the door to foreign economic trade. On the contrary, foreign economic trade will become even more brisk and prosperous. Even 19th century Lin Zexu strongly advocated a "ban on opium"--he opposed importing opium. He also advocated "bringing it here"--that is, learning what is useful from the West. Is it possible that people in our CCP still do not understand how to do this? There is no basis for this suspicion. There may be a few individuals like this whose cry to "attack" means to "change policies." Their goal is to oppose the struggle in order to cover up their own crimes. We must be on guard against this sort of trick.

Some comrades say that "it is difficult to avoid making mistakes when doing business abroad. In the future it would be better to make fewer mistakes and even better not to make any at all." This is a negative sentiment, it reflects a wait-and-see attitude in foreign economic activities and a passive way of dealing with things. We have not been carrying out special policies and flexible measures for long, so our experiences are insufficient. Our management system and methods are not perfect. In our foreign deals we occasionally suffer losses and occasionally do things that violate regulations. This is not surprising. Regarding the decision to combat major economic crimes, the Party Central Committee and the State Council have pointed out: "It is necessary to make a clear distinction between faults in work and breaking the law. It is also necessary to make a clear distinction between crimes such as smuggling, corruption, bribery, speculation and fraud as well as problems due to certain imperfect systems and methods that have occurred while implementing policies for the opening up of foreign trade and reviving the domestic economy." There are no ready-made models in implementing special policies and flexible measures for us to study, so it is not possible to avoid making a few mistakes. It is necessary for each person to be honest in performing his duties, to consciously resist corruption and degeneration, to oppose graft, bribery, domestic and foreign collusion, speculation, fraud and mistakes in work. It is essential to sum up experiences, draw lessons from them, strengthen regulations, plug up loopholes and improve work. After summing

up our experiences, our ability will be somewhat improved, so naturally we should work even more boldly. If after examining and summing up experiences we cower passively, that would be wrong.

"Upholding party policies to open up foreign trade while reviving the domestic economy and resolutely attacking serious economic crimes are not mutually exclusive." "We must not overlook, relax or not dare to carry out this struggle because of policies to open up foreign trade and revive the domestic economy. Neither should we vacillate about policies that experience has already proven to be correct because of being engaged in this struggle." The Party Central Committee has been very clear about this matter. We only have two hand: with one hand we are implementing the policy to open up foreign trade and with the other hand we are opposing corruption and degeneration. We must act in strict accordance with the spirit of the directive of the Central Committee and the arrangements of the provincial CCP committee. We must resolutely combat major economic crimes and unswervingly implement the special policies and flexible measures, and strive for success in both.

9864

CSO: 4006/465

FOREIGN TRADE

INCREASE IN MACHINE TOOL EXPORTS NOTED

Shenyang LIAONING RIBAO in Chinese 26 Apr 82 p 1

[Article by Ding Xueyou [002 1331 0147]]

[Text] During readjustment, gratifying changes occurred in our province's machine tool industry. During the first quarter of this year, the output volume of the various machine tools was 3.28 percent higher than during the same period of last year. The quantity of exported machine tools for which contracts with foreign merchants have been signed is over 76 percent greater than the total volume of actual exports during all of 1981.

During the readjustment of the machine tool industry in our province, large-scale machine tools were gradually decreased and product quality was notably improved in accordance with surveys and calculations of the needs of society. In 1981 there were 26 products in the entire industry that won national gold and silver plaques and had the honor of being called the highest quality in the ministry and in the province. They also won awards for being dependable products. These products are competitive in both domestic and foreign markets. At the end of last year some products had already met this year's contract for the entire year.

Changes in product structure and improvements in product standards made our province's machine tool products increasingly welcome on the world market. Not only were they welcomed in the markets of Asia, Africa and Latin America, they also began to enter the European market. At the beginning of this year, contracts were signed with foreign merchants to supply 1,721 machine tools, 681,900 drill presses, drills and other tools as well as 3,000 tons of abrasives and grinders.

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CSO: 4006/465

TRANSPORTATION

BRIEFS

RAIL TRANSPORT--Beijing, 26 Jun (XINHUA)--China has fulfilled its rail transport plans for the first 6 months of this year, with new records for the volume of freight and passengers, according to the Ministry of Railways. By 25 June, the ministry said, 479.4 million passengers and 534.7 million tons of freight had been carried, both above the semiannual plans. The plan for coal haulage has also been overfulfilled, the ministry said. [Text] [Beijing XINHUA in English 0731 GMT 26 Jun 82 OW]

SHANGHAI SHIPBUILDING INDUSTRY--The Shanghai Shipping Industry Corporation overfulfilled shipbuilding tasks for the first half of this year ahead of schedule. The total value of output increased by 6.9 percent as compared with the same period last year. The company's production tasks for this year are to build 136 ships with a total tonnage of 641,000 tons, an increase of about 20 percent as compared with that of 1981. Among them, 35 ships with a total tonnage of 443,000 tons are for export purposes, increasing by nearly 100 percent as compared with that of last year. The Jiangnan shipyard, the Hudong shipyard and the Shanghai shipyard are assuming the tasks of building nine 10,000-ton class freighters for foreign firms. Workers of those shipyards have paid particular attention to raising the quality of ships. [OW140919 Shanghai City Service in Mandarin 1130 GMT 27 Jun 82 OW]

CSO: 4006/572

GENERAL

YANGZHOU COTTON MILL RUNS SCHOOLS FOR WORKERS

HK160935 Beijing CONGREN RIBAO in Chinese 24 Jun 82 p 1

[Editorial: "What Does the Yangzhou Cotton Mill Experience Tell Us?"]

[Text] The Yangzhou Cotton Mill has established a workers' political schools to give young workers communist ideological education through normal procedures of schooling. This experience deserves attention.

At present, through organizing short-term full-time classes, the young workers are organized to study politics and theory in order to upgrade their class consciousness. More and more units are doing this and have achieved satisfactory results. As far as we know, the experience of the Yangzhou Cotton Mill is one of the more mature and typical cases. Their three basic experiences in running a political school properly are the product of 1 year's practice. It provides a model for other enterprises. But what is the essence of the experience of the Yangzhou Cotton Mill? What does it tell us?

In recent years, the structure of the working class of our country has undergone a very important change: The number of old workers has increased enormously. According to a statistical account, young workers who started working in 1966 and whose age is below 35 have become the majority of the working population. Moreover, almost all of these young workers are active on the first line of production. They have become a basic force of production and construction. To a certain extent, this generation of young workers has become the main body of the working class of our country. Thus, the task of reinforcing the education of our workers on political thinking at this moment should have this generation of young workers as its principal or important object. The party members of the Yangzhou Cotton Mill can have the determination to establish a workers' political school, and in the process of education they can insist on positive education and correct direction because they have made an analysis and estimation of the young workers which is both Marxian and practical. This is the essence of their experience, and this is the aspect of their experience which has universal significance. The experience of Yangzhou Cotton Mill strongly reveals that only when leaders trust young people and look at young people correctly can they correctly and effectively educate and direct the young people. At present, some comrades do not look at problems historically, and they have not made any concrete analysis. As a result, they pay more attention to the negative factors than to the positive factors of the young workers; they blame and complain more often than help enthusiastically or direct

patiently. Our leading cadres and political workers must discard such views. Only when this is achieved can they make friends with the young workers, can they care about their work, their study and their lives, and can they be familiar with their feelings, thus leading them to build up the great ideal of the working class and to contribute their marvelous youth for the materialization of the great communist cause.

The working class can receive Marxian indoctrination, they have changed from a "free class" to a "self-achieving class." This is something proven over and over by labor movements and the history of our party. The political school of Yangzhou Cotton Mill has provided for 10 classes already and after half a month's full-time study, they have been given an education which insists on our party's four basic principles. As a result, 90 percent of the students showed improvement and progress in political consciousness, work discipline, production morale and morality to varying degrees. This fact strongly reveals that the mass of young workers are willing and able to receive indoctrination in communism. In the past, we lacked formal political and ideological education for youth. Now, we only have to tackle it seriously, and with the help of a correct educational method we can achieve results. At present, some of our older comrades merely grumble and complain, they merely say that young workers do not care about politics and they are not willing to study theory, but they never seriously examine the question of whether they have seriously mastered their job of "indoctrination" and the question of whether their method of "indoctrination" is correct or not. The method and form of teaching in the political school of Yangzhou Cotton Mill, for instance, in a short-term full-time cadres' training course, the students were required to study theory first, and then they were required to link up theory with ideological reality, to upgrade conception, and so on. This is something with which people are familiar. This political school is absolutely different from the awful and unpleasant "study classes" prevailing in the 10 years' internal disorder. Thus we can see that the question is not a matter of form but a matter of content. Our party leads the working class and the people, and in the process of long-term revolutionary struggle and socialist construction has accumulated a wealth of experience on performing ideological and political tasks. It has also created many effective forms and methods. But in the 10 years' internal disorder, this aspect was also seriously undermined and disturbed by Lin Biao and the "gang of four," mixing it with methods which were bad and remote from the masses. Therefore, we must adopt a pragmatic attitude of analysis towards the forms and methods of political and ideological work. We should neither accept completely nor reject indiscriminately. For those forms and methods which are outdated, we must restructure them with determination; for those which are still applicable, which are proven by practice to be effective, we must give them new content. We must inherit them and develop them. Of course, we must create more better new forms with respect to the development of circumstances and the change of conditions. We must create methods and forms which are up to date, convincing, vivid and welcomed by our labor force.

Some comrades say, "one can establish a workers' political school, but it is by no means an easy matter. "What they mean is that besides deciding the correct direction of establishing a school, and the content and method of teaching, we must also have a team of hardworking teachers. This observation is not unreasonable. The question is, where does such a hardworking team of teachers come from.

The Yangzhou Cotton Mill political school's teachers are local folk. Some of them are not professional political work cadres, they have not even received any special training in political theory, but they have basic political qualities which a political worker of the party must have. These qualities are that they have no contradiction with the party Central Committee, that they love political and ideological work, that they are close to the people, that they care little for wealth and fame, that they are diligent and that they study hard. As a result, their work is recognized by the workers and the society, if some of our leading cadres and political workers were not so firm in upholding the four basic principles of our party, if they had objections to the direction, line and policy decided in the 3d plenary session of the 11th CCP Central Committee, if they were the first in grumbling and making strange comments, if they promoted specialization, if they competed with people in making money, how could they educate people? Therefore, the educator must be educated first. They must upgrade themselves to the degree that they have a firm and correct political standing and ideological viewpoint, they must be first in promoting the party's fine tradition and its ways of doing things. Then, they will be able to accomplish properly the task of educating and convincing people.

At the present moment, giving the young workers, the whole working class and even all our people a communist ideological education is an important and imminent job that we envisage. We believe that in the process of accomplishing this historical task, more progressive units will appear and they will create more fresh experience. We also hope that the workers of Yangzhou Cotton Mill will continuously summarize their experience so as to make their political school function better.

CSO: 4006/578

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TITLE: "Mathematical Model of Two-axle Bogie Locomotive and Results of Numerical Calculation"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 1-13

TEXT OF ENGLISH ABSTRACT: A model of 34 degrees of freedom for a two-axle bogie locomotive has been studied in three respects: lateral stability, dynamic response to random track irregularities and nonlinear curving performance. The effects of various parameters, in particular, the influence of the primary yaw stiffness K_{ψ} , are investigated. This paper intends to present the most reasonable parameters of prototype electric locomotive design. After comparing the criteria of dynamics in all respects, it has been recommended that two sets of the K_{ψ} value may be taken in designing a passenger or freight service prototype respectively.

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TITLE: "A Mathematical Analysis for Weight Transfer in Type SS-3 Electric Locomotive"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 14-24

TEXT OF ENGLISH ABSTRACT: In this work the method usually used to analyze the weight transfer in a six-axle locomotive has been improved and simplified, and applied to calculate the weight transfer in the SS-3 six-axle electric locomotive. The mathematic expressions have been obtained that directly express the change relations of weight transfer with parameters of the locomotive, from which the effect of locomotive parameters on the weight transfer may be predicated. Theoretical conditions that minimize weight transfer in the locomotive have been derived theoretically in this work, and its physical significance has been explained; consequently, it has been proved that the same adhesion weight utilization ratio may be obtained in the locomotive without balance levers as well as with balance levers. The effect of every parameter upon the adhesion weight utilization ratio is analyzed at the end of the work.

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TITLE: "Applications and Development of Low Alloy Steels in Railway Car Construction"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 25-29

TEXT OF ENGLISH ABSTRACT: This paper describes the advantages provided by the use of low alloy steels in railway car construction and the basic requirements on the alloy steels. Based on the serious corrosion damage of our steel-car structure, a recommendation is made for the wide adoption of air-corrosion-proof low alloy steel in car construction.

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TITLE: "Design of Profile for the Rolling Section of Mechanized Hump"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 30-38

TEXT OF ENGLISH ABSTRACT: The design quality of the profile for the rolling section of the mechanized hump has a significant influence on the sorting capacity, operational safety, construction and operating costs of the hump. Based on the relevant principle for designing the rolling section profile of the mechanized hump, analytical calculation is made and, according to different design conditions, corresponding measures of design are taken in this paper. The design procedure and requirements are definite and specific, so that not only is it easy to be mastered, but also the optimum design precept may be obtained through it.

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TITLE: "The Report of Reliability Tests on Switch and Track Circuits"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 39-51

TEXT OF ENGLISH ABSTRACT: In China, reliability tests for the two subsystems of switch and track circuits in railway signaling have been carried out for over a year. This paper briefly analyzes the test situations and part of the test data obtained in the past year.

From the analysis of the above-mentioned data, it is seen that these two subsystems have attained a reliability of the fourth step. Through constant improvements, the reliability may perhaps be raised further.

The statistical and calculation methods presented in this paper are to be considered as but a kind of trial only. Calculations are tentatively made by the author according to the regular pattern of exponential distribution and these two subsystems are both classified as succession operations. Due to the fact that the test work is still in progress, some viewpoints of the paper are still pending awaiting close scrutiny. Therefore, conclusions must wait until the tests are finished.

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TITLE: "The Mathematical Model Based on Graphic Theory and Its Computer Algorithm for Goods Transportation"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 52-66

TEXT OF ENGLISH ABSTRACT: In this paper the graphic theory was studied and, based on this, an algorithm for seeking an optimum way of goods transportation was designed. According to the algorithm a program was developed and positive results were obtained. The practice proved that using this method can solve transportation problems with such advantages as saving memory and operating time. Data of a flow chart of goods transportation may be obtained and compared with those of the usual linear programming method.

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TITLE: "Determination of Calcium in Steel and Iron with PVC Membrane Calcium Ion-selective Electrodes"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 67-71

TEXT OF ENGLISH ABSTRACT: A method of determination of calcium in steel and iron with PVC membrane calcium ion-selective electrodes is discussed in this paper. This method is carried out in a solution of ammonical medium at a pH value of 8 to 10, with the interferences of Fe^{+3} , Al^{+3} , Ti^{+4} , Mn^{+2} , Co^{+2} , RE, etc., being removed by triethanolamine and 8-oxyquinoline as sequestering agents. Analytical results are obtained by means of once-through standard addition direct potentiometry and the related calculating formulas. The method described above features simple operation, rapid analysis together with accuracy and high sensitivity.

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TITLE: "Test and Analysis of Residual Stress in Rails"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 72-86

TEXT OF ENGLISH ABSTRACT: The residual stress is the inherent stress in rails, affecting the life of the rails. The present article offers a summary of the results of tests on the inner and surface residual stress of homemade heavy rails of various types, new and used, and it deals with the primary theoretical analysis of the stresses. In addition, it investigates the relationship between the residual stress in rails and their fatigue and fracture. Also a few proposals for improvement in welding and hardening of rails and the use of rails are given in the article.

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TITLE: "The Investigation of the Railroad Live Load Standard Upon the Safety of Bridge Design"

SOURCE: Beijing TIEDAO XUEBAO [JOURNAL OF CHINA RAILWAY SOCIETY] in Chinese No 2, Jun 82 pp 87-94

TEXT OF ENGLISH ABSTRACT: This article clarifies the principle for working out the standard of railroad live load for designing bridges, and the course of development based on the development of railroad motive power and rolling stocks after liberation of our country. It checks the computation of the carrying capacity of the bridges for supporting the widely used locomotives and rolling stocks and their probable development in the future. It proves that the bridges designed according to the live load prescribed in the specifications for bridge design are safe for carrying the stated live load. In addition, it also explains the relation between the axle weight and the loading so as to clarify any misunderstanding on this problem.

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